# 2010/11

## ANNUAL REPORT

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## Nancy Hopkins, Chair, Board of Governors

This past year has seen a continued strengthening of the University of Saskatchewan's financial position. Our strategic planning processes, including our award-winning scenario analysis, enabled us to complete a three per cent budget reduction following the 2008 world economic downturn, and, at the same time, permitted us to take advantage of strategic opportunities to advance our priorities. Using prudent and responsible financial management, and by paying particular attention to assessing the risks and benefits of our investments, we have ensured our commitments to students, research and partnerships are both affordable and sustainable into the future. Unprecedented capital expansion on our campus is one visible sign of the strength of the university within the city and province, as is our ability to attract and retain significant financial support from the Government of Saskatchewan and national funding bodies for our strategic priorities. We close out the 2010-11 fiscal year with much confidence in the long-term financial stability of our university and the knowledge our decisions will continue to make important contributions to the greater good of the province of Saskatchewan and the global community.

## Peter MacKinnon, President

This annual report is, by its very nature, a snapshot, a mere glimpse of the diversity, the strengths, the growth and the possibilities of the University of Saskatchewan. Guided by our mature planning process, we have made significant strides this year, particularly toward our priorities of enhancing the student experience, raising our research profile and engaging in productive partnerships both on and off campus. Highlights in these areas include the Health Sciences project, new student residences and the International Vaccine Centre (InterVac). Over the past year, we have also identified signature areas of research in which we will, in a truly Saskatchewan manner, build the capacity and expertise we need to lead the world. With the support of our many partners, the most vital being the province of Saskatchewan, we will continue, as we have in the past year, to focus on ensuring our academic offerings, our research, our outreach and ultimately our graduates are positioned to make a positive difference locally, nationally and internationally.

## Vera Pezer, Chancellor

Having worked on campus as both associate vice-president of student affairs and as an instructor, I saw first-hand the importance of university supports of various kinds for students as they progress through their academic programs. Now, in the role of chancellor, with its many opportunities to engage with alumni near and far, I am unfailingly impressed with how our graduates have built on their U of S experience, finding and capitalizing on the opportunities that a university degree affords. I have met alumni where they live and work across the country. I have cheered on the Huskies with them in the stands of Griffiths Stadium at PotashCorp Park. I have even toured Europe with some; they are our best storytellers, our biggest fans and our strongest supporters. The success of our graduates speaks volumes about the value of a University of Saskatchewan degree. Our current focus on enriching the student experience is the right one.

# MANAGEMENT DISCUSSION AND ANALYSIS: 2010/11

# Setting the Context

Revenue for 2010/11 increased by $111.1 million, continuing a growth trend evidenced during the last five years.

| University of Saskatchewan (in millions) | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|---|---|---|---|---|---|
| Research Revenue | $140.6 | $204.8 | $177.1 | $185.7 | $206.6 |
| Total Revenue | $669.3 | $710.6 | $793.5 | $808.1 | $919.2 |
| Research Intensity | 21% | 29% | 22% | 23% | 22% |

The University of Saskatchewan is one of 15 medical-doctoral universities in Canada which have demonstrated the following median growth:

| Medical-Doctoral University-Median (in millions) | 2006/07 | 2007/08 | 2008/09 | 2009/10* | 2010/11** |
|---|---|---|---|---|---|
| Research Revenue | $261.2 | $262.0 | $273.5 | $208.4 | |
| Total Revenue | $981.6 | $971.3 | $897.0 | $931.3 | |
| Research Intensity | 27% | 27% | 31% | 22% | |

**Excluding Quebec information which is unavailable*
***2010/11 CAUBO information unavailable*

# Financial Performance

*The Financial Performance section provides contextual information regarding the nature of annual revenues and expenses. As well, key metrics are provided which measure the university's ability: to balance operating revenues and expenses; to meet fundraising targets; to meet investment earnings targets; and to maintain sufficient working capital.*

| Financial Operating Results (in millions) For the year ended April 30 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Grants and contracts: Government of Saskatchewan | $302.2 | $314.9 | $444.9 | $352.8 | $444.5 |
| Student Fees | 88.0 | 89.2 | 90.6 | 96.5 | 103.0 |
| Sales of services, products and other | 79.1 | 79.8 | 86.0 | 83.9 | 90.3 |
| Grants and contracts-Government of Canada | 68.2 | 74.9 | 84.4 | 123.7 | 94.8 |
| Other government and other grants | 50.7 | 99.1 | 75.5 | 57.2 | 96.0 |
| Investment income | 43.4 | 6.8 | (21.7) | 51.2 | 42.7 |
| Gifts, grants and bequests | 29.2 | 37.8 | 20.5 | 27.7 | 31.7 |
| Other income | 8.5 | 8.1 | 13.3 | 15.1 | 16.2 |
| **Total Revenue** | **$669.3** | **$710.6** | **$793.5** | **$808.1** | **$919.2** |

Strong financial support from the Government of Saskatchewan continued with provincial revenue comprising 48 per cent of total university revenue. Variability in annual provincial funding is primarily related to capital project funding, with $50.0 million received in 2010/11 for the Health Sciences project, whereas, with favourable results on the Health Sciences E-wing tender, the province recovered $32.1 million during 2009/10 via a reduction in operating funding. Almost every provincial ministry provided funding to the university, with the operating grant from the Ministry of Advanced Education, Employment and Immigration (AEEI) comprising the largest component ($271.1 million). The 2010/11 operating grant initially approved by the province included an increase of 7.4 per cent; with a 4.5 per cent economic increase and 2.9 per cent targeted funding for medicine and nursing program expansion.

Provincial funding was also received from the Ministry of Health ($62.1 million), which supports the Clinical Services Fund, Clinical Practice Plan, Northern Medical Service program and Saskatchewan Health Research Foundation projects.

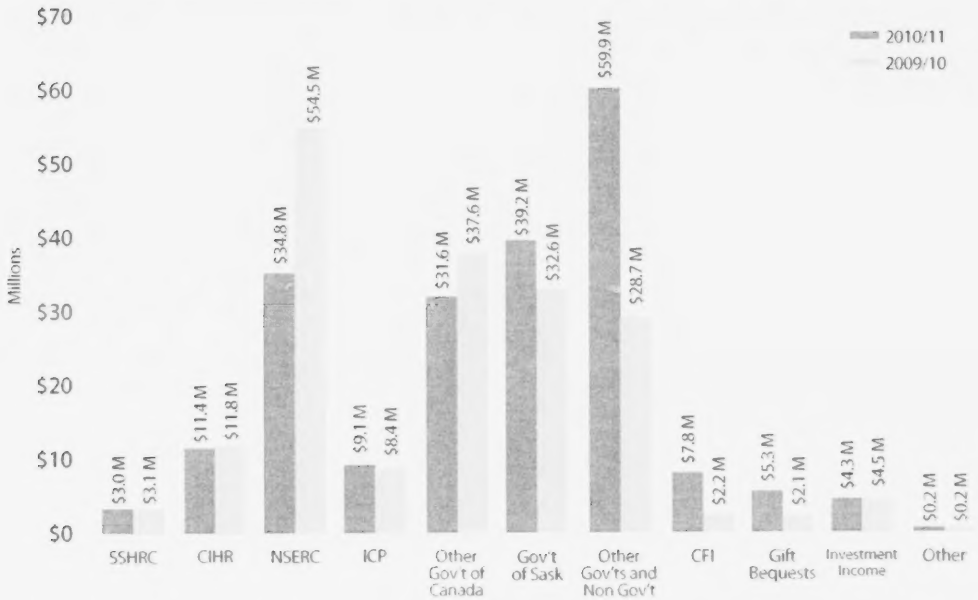
Student fees have increased to $103.0 million due to both increasing enrolments (in particular graduate enrolment of over nine per cent) and tuition increases of about five per cent for the year. Strong provincial funding support has resulted in tuition and fee revenue comprising 22 per cent of the operating budget (from a high of 30 per cent in 2004/05). University tuition rates are based on principles of comparability, affordability, accessibility and quality.

In addition to operating and capital funding support, the Government of Saskatchewan provided $39.2 million support for research, including funding for InterVac ($10.8 million), for the Canada Excellence Research Chair (CERC) in Water Security ($0.2 million), for Vaccine and Infectious Disease Organization (VIDO) operating ($3.5 million), and matching funding for Canada Foundation for Innovation (CFI) projects ($4.3 million).

The Government of Canada provides the majority of funding for research through Tri-Agency grants and contracts as well as Canada Foundation for Innovation (CFI) support.

## Research Revenue by Source

for the year ended April 30 – Total $206.6 M (2010 $185.7 M)



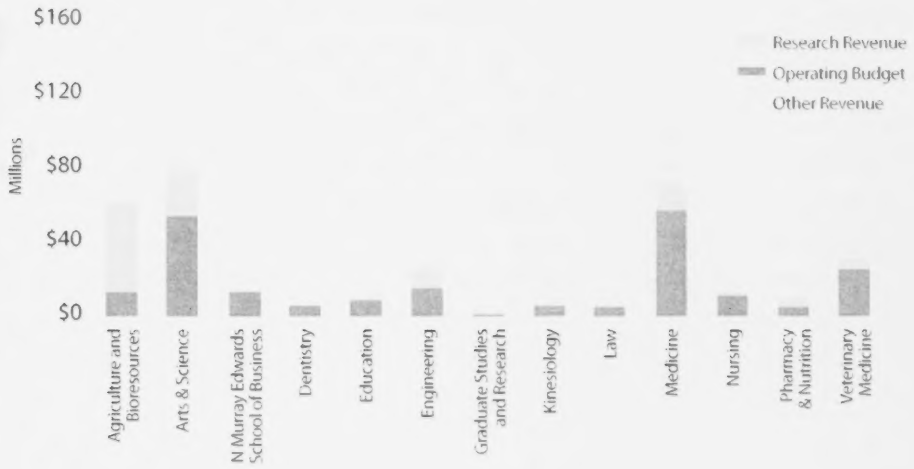

Research revenue continued to grow, to $206.6 million for the year, with increased support from the province (as discussed above) and with increased support of other governments and non-government sources primarily for beamline construction. Increased funding of about $22.0 million was received by the Canadian Light Source Inc. (CLSI) for beamline construction. As a subsidiary of the U of S, CLSI activities are consolidated within the U of S consolidated financial statements.

## Revenue Summarized by College

University programs and initiatives are often focused at the college level. Revenues by type (e.g. operating, research and other) are shown in the following graph.

### Source of Revenue for Colleges

for the year ended April 30 – Total $464 M




## Expenses (Deployment of Resources)

| Financial Operating Results (in millions) For the year ended April 30 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Salaries and employee benefits | $371.4 | $372.2 | $429.3 | $492.0 | $478.4 |
| Operational supplies and expenses | 69.0 | 82.1 | 80.9 | 89.4 | 101.9 |
| Costs of goods sold, equipment maintenance, rental, travel and other | 43.2 | 46.5 | 57.9 | 45.0 | 53.0 |
| Scholarships, bursaries and prizes | 25.9 | 26.3 | 27.2 | 28.6 | 32.0 |
| Utilities | 20.3 | 20.2 | 20.4 | 20.3 | 21.6 |
| Amortization | 51.8 | 53.2 | 55.7 | 60.1 | 63.7 |
| **Total Expenses** | **$581.6** | **$600.5** | **$671.4** | **$735.4** | **$750.6** |

Total expenses increased overall by $15.2 million or two per cent over the prior year. However, the prior year's expenses were unusually high because of the pension and long-term disability adjustments recorded in future retirement benefits. These adjustments alone account for a difference between the two years of $33.1 million ($55.9 million expensed in 2009/10 versus $22.8 million for the current year). Once this adjustment is taken into consideration, the revised expenditure change year over year is 7.5 per cent. This increase reflects escalation in salary and supply costs as well as growth, particularly in research activity.

Expenditure increases which are noteworthy include: an increase in operational supplies and expenses of $12.5 million (14 per cent) with a contributing factor being externally contracted services; and scholarships, bursaries and prizes increase of 12 per cent to $32.0 million, with most of the increase attributable to graduate scholarships.

Salaries and employee benefits expense, as a percentage of total expense, comprises the largest portion of our expenses at 63.8 per cent ($478.4 million). This compensation expense relates to about 8,000 staff, representing five bargaining units and exempt staff as well as honoraria expense (excluded in staff totals). Of the total compensation expense, salaries comprise $407.1 million, and benefits comprise $71.3 million. Salary expense from year-to-year reflects the results of collective bargaining agreements for the period, staff turnover and changes in staffing levels. The university's approach to collective bargaining is based on a board-approved strategic approach to compensation, which takes into consideration the principles of market and merit with the goal of being competitive and fiscally responsible.

For year-end, all collective agreements were current.

- Faculty Association: July 1, 2010 – June 30, 2012 (ratified during 2010/11)
- Administrative and Supervisory Personnel (ASPA): May 1, 2008 – April 30, 2011 (ratified during 2008/09)
- CUPE 1975 (support staff): January 1, 2010 – December 31, 2012 (ratified March 2010)
- CUPE 3287 (sessional lecturers): September 1, 2010 – August 31, 2014 (ratified in June 2011)
- PAIRS (interns and residents): January 1, 2009 – December 31, 2012 (ratified May 2011)

Benefit plan costs at $47.7 million (excluding the pension and other future benefit valuation adjustments) have remained relatively constant at 11.7 per cent of salary cost.

## Metric 1 / Financial Performance / Annual operating surplus/deficit position compared to budget and operating reserve

The result of annual revenues and expenses in restricted funds results in either an increase or decrease in restricted fund balance available for those specific projects in future years. The result of revenues and expenses in the operating budget fund results in an operating surplus or deficit compared to budget. The university has a history of closely managing budgets with year-end variances generally between one and two per cent of annual operating expenditures.

| | 00/01 | 01/02 | 02/03 | 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Budget | | | | | | | | | | | |
| Expenditure ($M) | 205 | 225 | 231 | 260 | 263 | 274 | 294 | 311 | 337 | 366 | 389 |
| Surplus/Deficit ($M) | 4.3 | 1 | 0.6 | 0 | (2.5) | 0.1 | 2.4 | 0 | 0 | (0.9) | 0 |
| Actuals* | | | | | | | | | | | |
| Variance ($M) | +3.1 | +4.8 | +4.0 | +4.7 | +2.2 | +3.1 | +4.3 | +8.7 | +6.0 | +18.6 | +8.7 |
| **Variance (%)** | **1.5%** | **2.1%** | **1.7%** | **1.8%** | **0.8%** | **1.1%** | **1.5%** | **2.8%** | **1.8%** | **5.1%** | **2.2%** |
| Reserve** | | | | | | | | | | | |
| Opening Balance | (0.2) | 4.1 | 5.1 | 5.7 | 5.7 | 3.2 | 3.2 | 6.1 | 6.7 | 10.8 | 15.5 |
| Closing Balance | 4.1 | 5.1 | 5.7 | 5.7 | 3.2 | 3.3 | 6.1 | 6.7 | 10.8 | 15.5 | 15.5 |
| **Reserve as % of Total Expenditure** | **2.0%** | **2.3%** | **2.5%** | **2.2%** | **1.2%** | **1.2%** | **2.1%** | **2.2%** | **3.2%** | **4.2%** | **4.0%** |

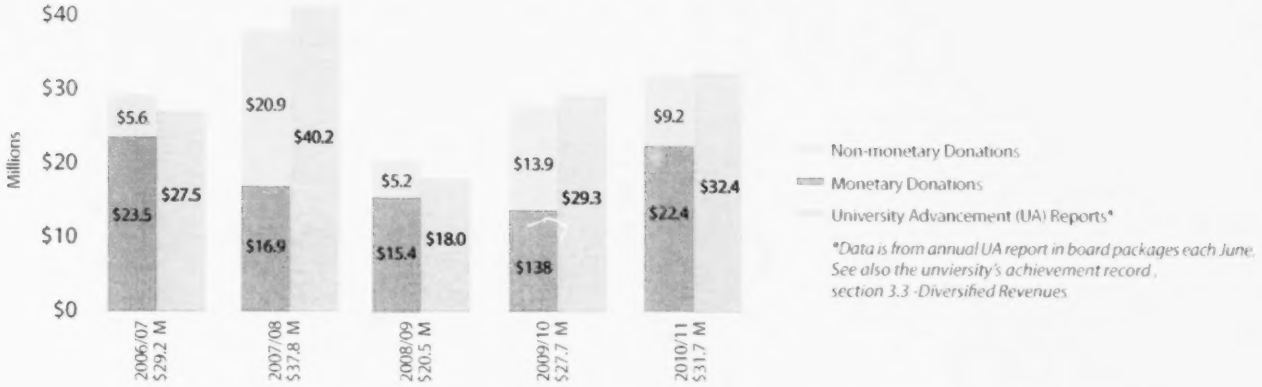
**Before year-end allocations / appropriations*
***After year-end allocations / appropriations*

The operating reserve level as at April 30, 2011 of $15.5 million is at the high end of the range (the board-approved level for the operating reserve is between one and four per cent of operating expenses). Determining the appropriate level of operating reserve is a delicate balance between ensuring sufficient funds to cushion against adverse events by allowing time to respond strategically, and ensuring that public funds are deployed and utilized to their best advantage in supporting programs and operations. For the long term, the reserve position is targeted at three per cent. In view of the continued unease in the global economy, volatility in the markets and, in particular, the uncertainty regarding additional pension payments, it was determined that the reserve be maintained at the four per cent level in the short term.

## Metric 2 / Financial Performance / Dollars raised by the University of Saskatchewan

An important indicator of operational success is funds raised from donors.

### Donations
for the year ended April 30




"Donations" per the financial statements are identified as well as "Donations" per University Advancement (UA) reports. There are timing differences between the two measures and some gift-in-kind activity (CFI) is not reported within UA totals. On an annual basis UA is working to achieve $50 million in reported donation revenue.

## Metric 3 / Financial Performance / Investment income compared to benchmark

Investment income remained relatively stable from the prior year. Overall, income decreased by $8.5 million (to $42.7 million) as a result of long-term pool returns of 9.2 per cent (12 per cent prior year) and fixed-income pool with returns of 4.8 per cent (4.7 per cent prior year). The university ensures that all available funds are invested primarily through the use of two pools (long-term pool and fixed-income pool) which are managed by external professional investment managers. These investments are valued at market and influenced by market trends. Assessment of performance is ongoing with comparisons to benchmark and to peer universities.

Annual returns for the past 10 fiscal years for the long-term pool are summarized below.

| Period | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net rate of return* | 5.9% | (7.9%) | 16.3% | 8.6% | 8.8% | 12.6% | (3.7%) | (17.3%) | 12.7% | 9.2% |
| Value added (subtracted)** | 2.5% | 4.6% | (2.6%) | 1.9% | (2.4%) | 2.0% | (2.8%) | 1.5% | (1.5%) | (2.0%) |

Comparison to peer universities is provided in the following:

| Endowments | 1 year | 5 year | 10 year |
|---|---|---|---|
| Saskatchewan | 7.0% | 3.2% | 4.4% |
| Median (endowments > $500 million) | 9.9% | 3.5% | 4.2% |
| Variance to median | **(2.9%)** | **(0.3%)** | **0.2%** |

| Pensions | 1 year | 5 year | 10 year |
|---|---|---|---|
| Saskatchewan | 7.5% | 3.9% | n/a |
| Median (endowments > $500 million) | 10.3% | 4.3% | 5.5% |
| Variance to median | **(2.8%)** | **(0.4%)** | |

## Metric 4 / Financial Performance / Liquidity

In addition to measuring debt capacity under the limits stated in the Capital Debt and Internal Loan policies, a key financial metric is the level of liquidity available to sustain operations.

The capacity to grant internal loans, either interest bearing or non-interest bearing, and the level of capital deficits impacts the amount of investment income generated for the annual operating budget and the university's liquidity requirements for working capital. The rating methodology used by Moody's includes a liquidity measure of "net cash and investments ÷ net direct debt" which, according to Moody's, "provides a coverage ratio of the liquidity available to the institution and its outstanding debt burden". This metric provides information on the financial resources that are immediately available, to provide immediate financial flexibility or liquidity in periods of extreme financial stress.

Moody's Rating Methodology – Public universities outside the U.S.

| Score | 1 | 3 | 5 | 7 | 9 |
|---|---|---|---|---|---|
| **Net cash and investments ÷ Net direct debt** | **>1.5** | **1.2 - 1.5** | **0.9 - 1.2** | **0.6 - 0.9** | **<0.6** |

As at April 30, 2011, the univeristy's liquidity position would result in a category three ranking.

| | | |
|---|---|---|
| Net cash and investments in the General Fund | ($219 million) | = ratio of 1.2 |
| Net direct debt excluding capital deficits | ($180 million) | |

# Financial Flexibility

*The Financial Flexibility section measures the sufficiency of resources and the ability of the organization to support priorities. Key metrics include : the level of endowment funds; the level of the Academic Priorities Fund in comparison to Operating Budget; and level of scholarship and bursary support.*

The university's fund balances, or "net worth", has increased by $168.6 million from the prior year, with increases in: the capital fund of $118.7 million (increase in capital assets and funds for capital asset purchases); increase in endowment funds of $20.4 million; and increase in funds available for research projects of $23.2 million to $250.4 million. As the university follows the restricted method for revenue recognition, most research revenue is recognized in advance of expenditures as contracts are signed or as grants are awarded. A significant portion of the fund balance relates to Canada Foundation for Innovation (CFI) funding which will be accessed over the next few years as project expenditures are incurred.

The following table provides an overview of the revenues, expenses and fund balances (net assets) for the year by major fund category.

| Consolidated Statement of Operations and Changes in Fund Balance (millions) For the year ended April 30 | Revenue | Expenditures | Interfund Transfer | Net increase (decrease) | Fund Balance April 2010 | Fund Balance April 2011 |
|---|---|---|---|---|---|---|
| Fund | | | | | | |
| General | | | | | | |
| Operating | $553.7 | $516.3 | $(35.0) | $2.4 | $149.2 | **$151.6** |
| Ancillary | 43.5 | 34.8 | (7.8) | 0.9 | (2.8) | **(1.9)** |
| Restricted | | | | | | |
| Capital | 88.9 | 71.9 | 101.7 | 118.7 | 1,091.3 | **1,210.0** |
| Research | 206.6 | 109.7 | (73.7) | 23.2 | 227.2 | **250.4** |
| Student Financial Aid | 9.1 | 17.8 | 11.7 | 3.0 | 29.0 | **32.0** |
| Endowment | 17.4 | 0.1 | 3.1 | 20.4 | 185.2 | **205.6** |
| | **$919.2** | **$750.6** | **$ -** | **$168.6** | **$1,679.1** | **$1,847.7** |
| Fund Balance prior to restatement (Restricted Research) | | | | | $220.7 | |
| Restatement - CLSI Beamline agreement | | | | | 6.5 | |
| Fund Balance after restatement (see Restricted Research April 2010 fund balance above) | | | | | $227.2 | |

## Metric 1 / Financial Flexibility / Endowment fund balance position

Endowment funds represent the accumulation of donations and investment earnings whereby the donor has requested that the fund principal be maintained in perpetuity, with investment earnings used to support annual expenditures. The following chart highlights the endowment fund balances over the past five years.

### Endowment Fund Balance
(2006/07 to 2010/11)

Overall contributed capital increased by $6.7 million to $160.6 million as a result of donations. With investment returns of 9.2 per cent for the year (12.7 per cent prior year), the segregated capital position continues to improve from a low of seven per cent at April 30, 2009 to 28 per cent at April 30, 2011. Of 750 endowed funds, all now have a positive segregated capital. At April 30, 2009, 235 of the 730 endowed funds were underwater.

Another measure of endowment sufficiency is comparison to other medical-doctoral institutions. The Canadian Association of University Business Officers (CAUBO) report provides a comparison of endowments per reported FTE (full time equivalent student) by institution.

| Market Value of Endowments per FTE Student (in millions) CAUBO December 2010 | Endowment Funds at December 2010 | Endowment per FTE |
|---|---|---|
| **University** | | |
| Median (medical-doctoral) | $ 475.1 | $ 23.8 |
| Average (medical-doctoral) | $ 642.9 | $ 26.8 |
| **University of Saskatchewan** | **$ 194.4** | **$ 12.8** |
| University of Regina | $ 33.8 | $ 3.9 |

## Metric 2 / Financial Flexibility / Academic Priorities Fund balance and percentage of operating budget

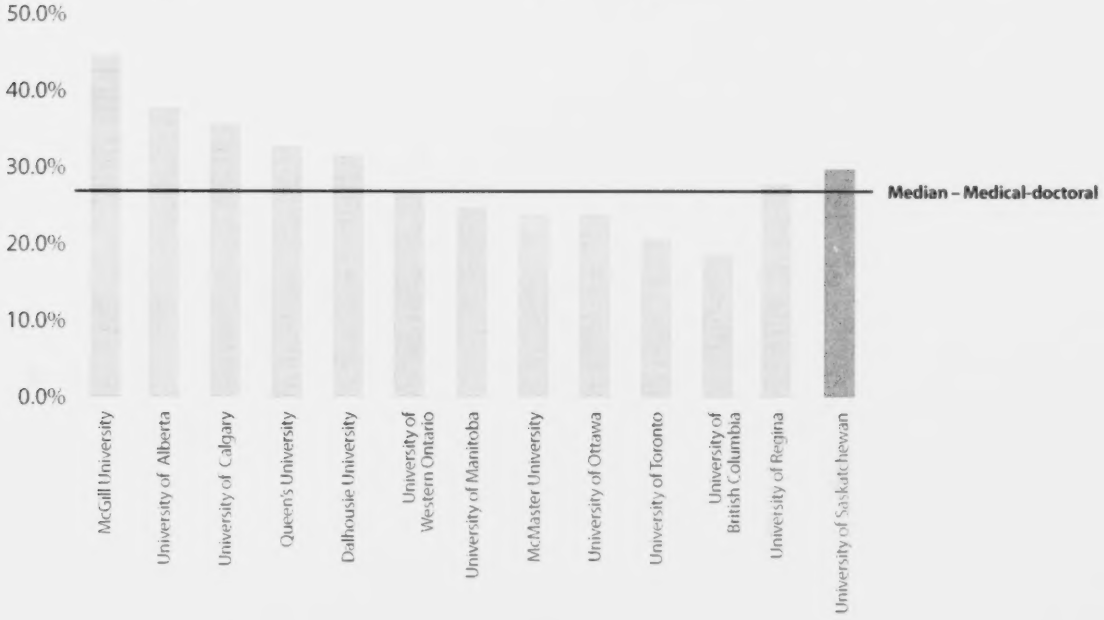
The University of Saskatchewan's Academic Priorities Fund (APF) is a special fund used to support institutional priorities. It contains $5.7 million in permanent funds for the second planning cycle, 1.5 per cent of the Operating Budget. Two million of this total is provided by a special grant from the Government of Saskatchewan; $3.7 million is allocated by the university within its Multi-Year Operating Budget Framework. The purpose of integrating financial and institutional planning is to support areas of highest priority. Funds committed from the APF in 2010/11 reflect this closely in that items funded are initiatives expected to improve the student experience, enhance research profile and improve our ability to work together more effectively.

## Metric 3 / Financial Flexibility / Scholarships and Bursaries

Scholarship and bursary expense increased from prior year by $3.4 million (to $32.0 million) with $10.8 million for undergraduate support and $21.2 million for graduate support (including 4.5 million for support of post-doctoral fellows). Over the five year period (since 2006-07) scholarship support has grown by 23 per cent.

The following chart provides an overview of the level of scholarship/bursary support compared to tuition revenue (based on CAUBO data 2008/09) for medical-doctoral universities and the University of Regina.

### Scholarships, Bursaries and Prizes as a percentage of Tuition and Fees




The overall University of Saskatchewan expenditure on scholarship and bursaries is equal to 30 per cent of tuition revenue and places us above the median for our comparator universities. For undergraduate students the expenditure is equal to 14 per cent of tuition revenue, while for graduate students it is 162 per cent (excluding post-doctoral fellow support). This reflects differences in the standard funding models between these two segments of the student body.

# Financial Sustainability

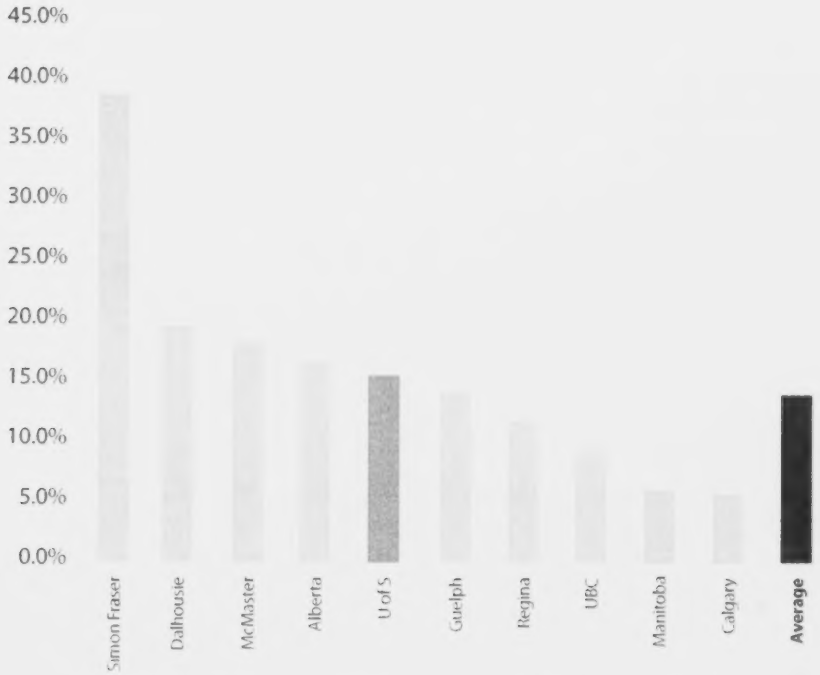
*The Financial Sustainability metrics include key indicators of long-term financial health of the organization, including non-financial statement measures such as: deferred maintenance back-log; debt and comparison to debt capacity; and comparative "best-estimates" position of defined benefit pension plans.*

## Metric 1 / Financial Sustainability / Deferred maintenance back-log

The University of Saskatchewan (U of S) main campus on College Drive occupies 744 hectares with 164 buildings. Replacement cost of the campus infrastructure is estimated at $4.4 billion at April 30, 2011.

A metric providing an indicator of deferred maintenance backlog is the Facilities Condition Index (FCI) which measures the deferred maintenance backlog as a percentage of total replacement value.

### Facilities Condition Index (FCI) 2009/10




*Source of data is APPA, an association for those engaged in the field of educational facilities management. 10/11 data will be available in early spring 2012.*

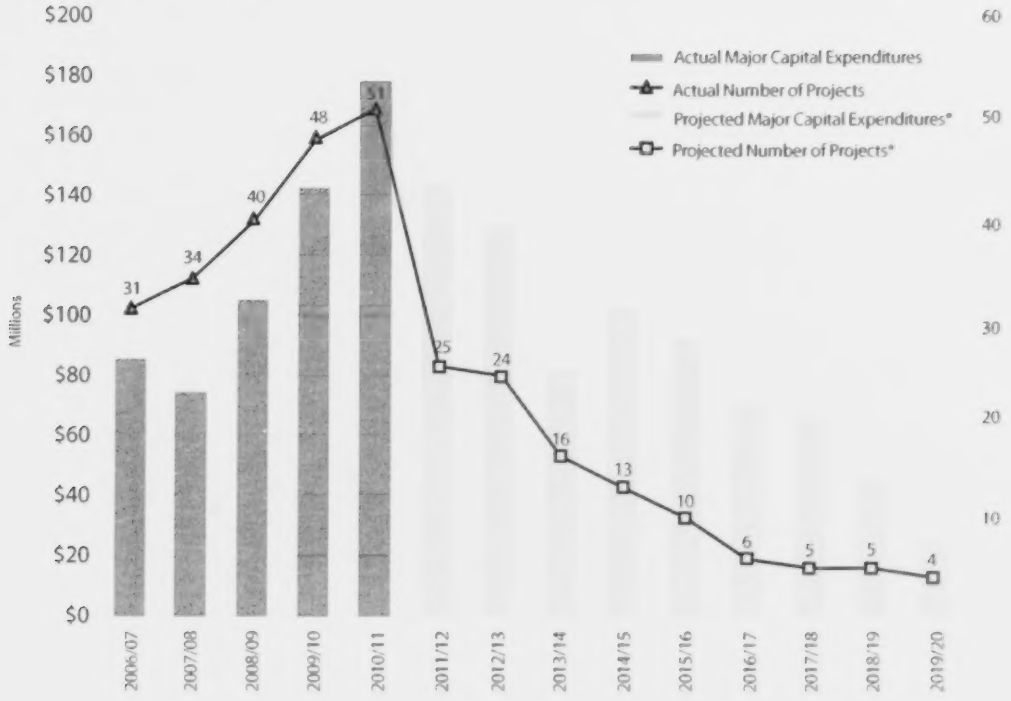
The U of S deferred maintenance backlog has been increasing over the past five years due primarily to the escalating cost of construction and therefore replacement value. Current FCI is comparable to peer institutions but not at the goal of 10 per cent.

Capital expansion, enhancing and expanding our facilities, has been an area of focus for the past few years. The U of S has benefited greatly from financial support of numerous partners including the province, the federal government and donors. Obtaining sufficient funding to maintain the core campus and infrastructure renewal will continue to be a major focus for the university.

## **Metric 2** / Financial Sustainability / **Major capital project expenditures**

The following chart illustrates a period of unprecedented capital expansion with $174 million in expenditures encompassing over 51 major projects in 2010/11.

### Major Capital Expenditures and Number of Projects




*Projected Expenditures and Projects are based on only those that are currently approved. These projections will increase based on capital requirements, funding availability and new opportunities.*

Major project expenditures include $94.6 million on the Health Sciences project; $14.6 million on InterVac; and $29.2 million on student residences.

Capital expenditures also include $5.9 million for the Western College of Veterinary Medicine (WCVM) expansion, in the final stages of a $77.2 million expansion project that started in 2004. The multi-phase venture has included the construction of a new state-of-the-art research wing, an expanded veterinary medical centre and a new diagnostics addition. As well, construction crews have enhanced existing clinical, teaching and research areas by renovating more than a third of the original veterinary college. This will provide facilities that are second to none. The final phase of the WCVM's infrastructure project is the completion of a veterinary diagnostics laboratory complex that will bring together nearly all of the college's diagnostic services.

As part of the capital project, the veterinary college began a $3.9-million expansion of its equine performance centre that supports diagnostic and rehabilitative activities for horses under controlled conditions. Besides adding nearly 1,000 square metres to the existing centre, the project includes the installation of an equine Magnetic Resonance Imaging (MRI) unit. The WCVM's new equipment will be the sole equine MRI unit operating in Western Canada and one of only two MRI units available in Canada.

The WCVM expansion has been funded in part by the Federal Government, the Province of Saskatchewan, Western Economic Diversification and corporate and private donations. As part of the Federal Economic Action Plan, Knowledge Infrastructure Program funding was received for the renovation of the diagnostic facility.

*Phase one of the new undergraduate student residences will create 400 new residence beds for U of S students. The first 320 will open in fall 2011.*

In September 2011, 320 new residence beds will be available for students, with an additional 480 available in 2012. Construction has also begun on graduate housing (262 beds) to be completed by January 2013. With these additional residence facilities at a total estimated capital cost of $108.9 million, the percentage of students who can stay in residence will increase from six per cent to 12 per cent (compared to our goal of 15 per cent).

Eventually these residences will become part of the mixed-use village envisioned for the College Quarter. Residences will exist among sports facilities, restaurants, clinics and green spaces, enhancing student life and contributing to an enhanced student experience.

## Metric 3 / Financial sustainability / Debt outstanding and comparison to debt capacity limit

During 2010/11, the board approved a debt policy for the university. The policy recognizes that the U of S will incur debt for projects that will produce incremental revenues or cost savings and that have a feasible repayment plan. However, the debt policy places limits on total university borrowing with reference to industry standards used by rating agencies. Current university debt of $67.6 million (including loan guarantee of 14.9 million for the USSU) places university debt well within the debt capacity range. Given commitments for residences over the next two years, debt is projected to increase to $144.0 million by 2012/13. This position would still leave the university within debt capacity limits but with additional borrowing capacity of only $20.0 million.

Although not a major risk area, taking on additional debt for new projects will require careful assessment.

| Measure | U of S Metric | Current position ratio at April 2011 ($67.6 million) | Peak debt level projected with existing commitments 2013 ($144 million) | Maximum debt under ratios (millions) |
|---|---|---|---|---|
| Debt affordability<br>Total capital debt as % of total revenue | < 20% | **7.4%** | 16% | $161 |
| Total capital debt as % of revenue available for repayment | < 33% | **11.3%** | 24% | $164 |
| Debt Service Coverage<br>Ratio of principal and interest as % of general revenue | < 3% | **0.5%** | 1.1% | $214 |
| Resource Allocation<br>Total debt per full-time equivalent student (based on FLE used in SUFM funding) | ≤ 12,000/FLE | **4,598** | 9,808 | $166 |

## Metric 4 / Financial Sustainability / Pension plan comparative "best estimate" position

In response to the investment market crash of 2008/09, the university undertook a comprehensive scenario analysis project. The analysis demonstrated that the largest and most immediate risk for the university was the potential annual payment obligation related to its defined benefit pension plans. In addition, the university has two defined contribution plans, whereby the employer contributions are limited to the agreed contribution rates. For 2010, there were 6,000 employees and retirees participating in all five pension plans with total investment assets of $803 million.

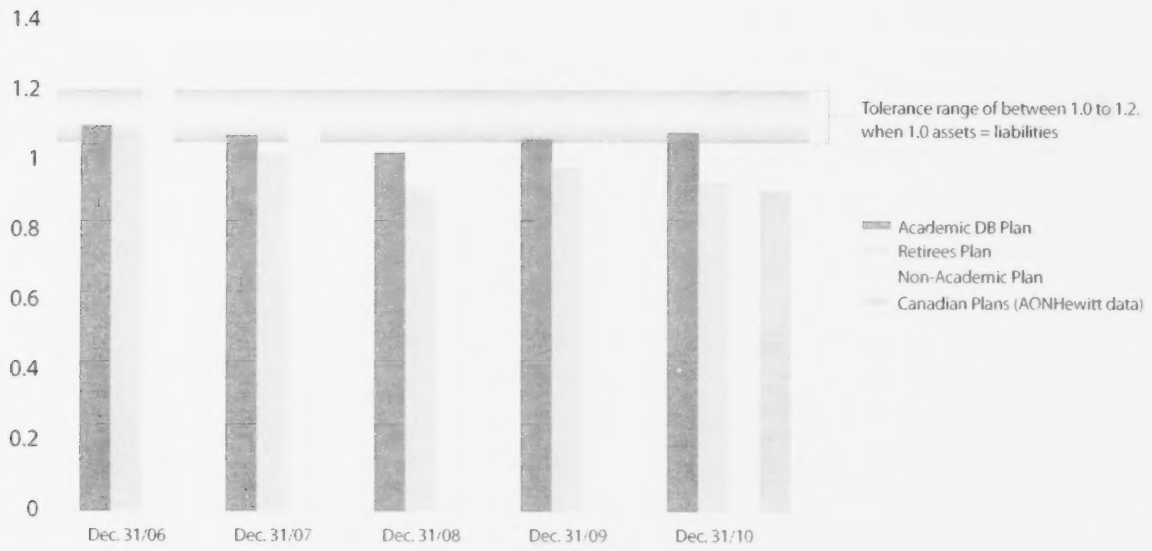
With the board's direction and focus of a number of departments, much has been accomplished to alleviate the pension plan payment risk.

The following measures have been undertaken, including:

- Development and approval of funding policies for all plans;
- Negotiating employer and employee contribution increases; and
- Reviewing and revising investment mix.

These measures, combined with investment returns closer to expected levels, have resulted in an improved going-concern position for all three defined benefit pension plans.

### Comparative "Best Estimate" Position




The going-concern position (assuming a five per cent margin above "best estimates") has improved to a combined deficit for all three plans of $21.0 million as at December 31, 2010 ($25.5 million deficit prior year). Funding policies have been developed for each plan which establishes an acceptable surplus range of 105 per cent to 120 per cent of "best-estimates" liabilities. At December 31, 2010, only the Academic Defined Benefit Plan was within that range.

In spite of improvements on a going-concern basis, and compared to other plans, the solvency position has deteriorated to $120.6 million deficit ($102.3 million deficit prior year). On a solvency basis, pension plan assets covered 77 per cent of liabilities, compared to 84 per cent for all plans (based on AONHewitt data). Solvency liabilities are determined by long-term bond discount rates which remain stubbornly low at between 3.3 per cent and 4.5 per cent for the three plan liabilities. The province has approved a three year moratorium on solvency payments. For the university, because all plans were filed December 31, 2009, this moratorium would expire at December 31, 2012, resulting in annual required payments for each of the years 2013 through 2017, of about $25 million (without further legislative changes). To put this payment amount in context, a recent budgetary reduction of $10 million, completed in response to our scenario analysis, resulted in an average funding reduction of three per cent to colleges and units, with a loss of about 60 positions. The looming solvency issue is unquestionably the university's most significant financial risk.

# Looking Ahead

As illustrated by the foregoing discussion and analysis, although there are areas of financial risk, the University of Saskatchewan is financially sound. Through the leadership, innovation and creativity of many dedicated faculty and staff the university will continue to improve stewardship of resources and improve its financial position.

There are a number of projects underway that will assist in that goal, including:

- **Implementing Strategic Initiatives** – Continued implementation of the 20 commitments of the university's second integrated plan, whereby considerable energy has been expended to ensure advancement on all of these strategic commitments. A separate progress report is published outlining progress and achievements.

- **Transparent Activity-Based Budgeting** – Development of a new resource allocation model intended to replace the largely historic and incremental approach to budgeting. The model research and concept development phase concluded in the spring of 2011 with board approval of the model's critical design features. During 2011/12 the model will be more fully developed including gathering required information, considering policy issues, simulating model results, and broadening consultation withthe community.

- **Service and Process Enhancement Project (SPEP)** – During 2010/11 significant progress was accomplished on the SPEP initiative. Phase 1, the assessment phase, was completed, whereby with the assistance of a consultant over 100 opportunities were captured, of which 30 were identified for potential implementation. Phase 2, anticipated to be concluded during 2011/12, includes implementation of several initiatives which have been identified as relatively easy to implement with tangible benefits in the first 6 months. Phase 2 also includes exploration and scoping of initiatives to be pursued during the more in-depth implementation phase.

# CONSOLIDATED FINANCIAL STATEMENTS : 2010/11

# Statement of Administrative Responsibility for Financial Reporting

The administration of the university is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Canadian generally accepted accounting principles. The administration believes that the consolidated financial statements fairly present the financial position of the university as of April 30, 2011, and the results of its operations and the changes in its fund balances for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal controls designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The integrity of the internal controls is reviewed on an ongoing basis by the Audit Services Division.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee, which is a committee of the Board of Governors. The external and internal auditors have access to the Audit Committee, with or without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2011 have been reported on by the Provincial Auditor of the Province of Saskatchewan, the external auditor appointed under *The University of Saskatchewan Act, 1995*. The Auditor's Report outlines the scope of his examination and provides his opinion on fairness of presentation of the information in the financial statements.

Peter MacKinnon
President

Richard E. J. Florizone
Vice-President (Finance and Resources)

**Provincial Auditor Saskatchewan**

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SASKATCHEWAN

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying consolidated financial statements of the University of Saskatchewan, which comprise the consolidated statement of financial position as at April 30, 2011, and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University of Saskatchewan as at April 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 21, 2011

Bonnie Lysyk, MBA, CA
Provincial Auditor

## UNIVERSITY OF SASKATCHEWAN

**Consolidated Statement of Financial Position**
as at April 30, 2011 ($ thousands)

| | General | Restricted | Endowment | Total 2011 | Restated (Note 28) Total 2010 |
|---|---|---|---|---|---|
| **Current Assets** | | | | | |
| Cash (Note 5) | $ (125,331) | $ 126,107 | $ 3,217 | $ 3,993 | $ 23,336 |
| Accounts receivable (Note 6) | 48,830 | 122,433 | - | 171,263 | 146,988 |
| Inventories (Note 7) | 12,787 | 1 | - | 12,788 | 13,833 |
| Prepaid expenses | 1,987 | 10 | - | 1,997 | 1,923 |
| | (61,727) | 248,551 | 3,217 | 190,041 | 186,080 |
| **Long-Term Assets** | | | | | |
| Long-term accounts receivable (Note 8) | 80 | 37,306 | - | 37,386 | 19,736 |
| Long-term investments (Note 5) | 344,422 | 77,943 | 201,610 | 623,975 | 625,571 |
| Other assets | 10,679 | 1,592 | 748 | 13,019 | 12,993 |
| Capital assets (Note 9) | - | 1,213,384 | - | 1,213,384 | 1,042,515 |
| | 355,181 | 1,330,225 | 202,358 | 1,887,764 | 1,700,815 |
| | $ 293,454 | $ 1,578,776 | $ 205,575 | $ 2,077,805 | $ 1,886,895 |
| **Current Liabilities** | | | | | |
| Accounts payable and accrued liabilities | $ 60,281 | $ 29,528 | $ - | $ 89,809 | $ 87,704 |
| Deferred revenue (Note 10) | 33,102 | - | - | 33,102 | 44,479 |
| Loans (Note 11) | - | 50,819 | - | 50,819 | 39,187 |
| Other contractual liabilities (Note 12) | 723 | - | - | 723 | - |
| Current portion of long-term debt (Note 13) | 23 | 121 | - | 144 | 167 |
| Current portion-capital lease obligation (Note 15) | 75 | - | - | 75 | - |
| | 94,204 | 80,468 | - | 174,672 | 171,537 |
| **Long-Term Liabilities** | | | | | |
| Long-term debt (Note 13) | 110 | 1,681 | - | 1,791 | 1,862 |
| Employee future benefits (Note 14) | 49,262 | - | - | 49,262 | 30,532 |
| Capital lease obligation (Note 15) | 194 | - | - | 194 | - |
| Accrued decommissioning costs (Note 16) | - | 4,138 | - | 4,138 | 3,949 |
| | 49,566 | 5,819 | - | 55,385 | 36,343 |
| **Fund Balances** | | | | | |
| Externally restricted funds (Note 18) | - | 298,013 | 169,904 | 467,917 | 464,969 |
| Internally restricted funds (Note 19) | 135,804 | 37,850 | 35,671 | 209,325 | 203,830 |
| Invested in capital assets | - | 1,156,626 | - | 1,156,626 | 997,496 |
| Unrestricted funds | 13,880 | - | - | 13,880 | 12,720 |
| | 149,684 | 1,492,489 | 205,575 | 1,847,748 | 1,679,015 |
| | $ 293,454 | $ 1,578,776 | $ 205,575 | $ 2,077,805 | $ 1,886,895 |

Commitments and Contingencies (Note 20)

See accompanying notes and schedules to consolidated financial statements

## UNIVERSITY OF SASKATCHEWAN

**Consolidated Statement of Operations and Changes in Fund Balances**

For the Year Ended April 30, 2011 ($ thousands)

| | General | Restricted | Endowment | Total 2011 | Total 2010 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Grants and contracts | | | | | |
| Government of Canada | $ 3,601 | $ 91,190 | $ - | $ 94,791 | $ 123,626 |
| Government of Saskatchewan | 333,412 | 110,960 | 147 | 444,519 | 352,722 |
| Other governments | 18,834 | 10,104 | - | 28,938 | 21,146 |
| Non-government | 7,869 | 59,238 | - | 67,107 | 36,070 |
| Student fees | 102,994 | - | - | 102,994 | 96,512 |
| Gifts, grants and bequests | 3,800 | 21,135 | 6,739 | 31,674 | 27,726 |
| Sales of services and products | 89,901 | 347 | - | 90,248 | 83,928 |
| Income from investments | 20,701 | 11,465 | 10,525 | 42,691 | 51,231 |
| Real estate income | 4,223 | 76 | - | 4,299 | 3,168 |
| Miscellaneous income | 11,864 | 62 | - | 11,926 | 11,894 |
| | 597,199 | 304,577 | 17,411 | 919,187 | 808,023 |
| **Expenses** | | | | | |
| Salaries | 346,820 | 60,287 | - | 407,107 | 388,253 |
| Employee benefits (Note 21) | 66,230 | 5,109 | - | 71,339 | 103,709 |
| Operational supplies and expenses | 73,843 | 28,036 | 60 | 101,939 | 89,428 |
| Travel | 10,126 | 6,407 | - | 16,533 | 16,077 |
| Cost of goods sold | 20,030 | - | - | 20,030 | 19,355 |
| Maintenance, rental and renovations | 7,925 | 1,403 | - | 9,328 | 9,091 |
| Utilities | 21,520 | 42 | - | 21,562 | 20,261 |
| Amortization | - | 63,702 | - | 63,702 | 60,013 |
| Scholarships, bursaries and awards | 3,197 | 28,725 | - | 31,922 | 28,570 |
| Interest | 749 | 5,274 | - | 6,023 | (151) |
| Bad debt expense | 602 | 12 | - | 614 | 395 |
| Decommissioning costs (Note 16) | - | 355 | - | 355 | 341 |
| | 551,042 | 199,352 | 60 | 750,454 | 735,342 |
| Net revenues | 46,157 | 105,225 | 17,351 | 168,733 | 72,681 |
| Interfund transfers (Note 25) | (42,813) | 39,750 | 3,063 | - | - |
| Net increase in fund balances for year | 3,344 | 144,975 | 20,414 | 168,733 | 72,681 |
| Fund balances, beginning of year - Restated (Note 28) | 146,340 | 1,347,514 | 185,161 | 1,679,015 | 1,606,334 |
| Fund balances, end of year | $ 149,684 | $ 1,492,489 | $ 205,575 | $ 1,847,748 | $ 1,679,015 |

See accompanying notes and schedules to consolidated financial statements

**UNIVERSITY OF SASKATCHEWAN** **Statement 3**

**Consolidated Statement of Cash Flows**

For the Year Ended April 30, 2011 ($ thousands)

| | General | Restricted | Endowment | Total 2011 | Total 2010 |
|---|---|---|---|---|---|
| Cash flows from operating activities | | | | | |
| Cash received from Government of Canada | $ 4,724 | $ 83,951 | $ - | $ 88,675 | $ 105,854 |
| Cash received from Government of Saskatchewan | 298,644 | 106,203 | 147 | 404,994 | 389,126 |
| Cash received from other governments | 18,785 | 9,869 | - | 28,654 | 21,598 |
| Cash received from non-government | 7,673 | 53,630 | - | 61,303 | 42,036 |
| Cash received from student fees | 102,561 | - | - | 102,561 | 96,923 |
| Cash received from gifts, grants and bequests | 1,735 | 16,164 | - | 17,899 | 11,188 |
| Cash received from sales of services and products | 89,901 | 347 | - | 90,248 | 83,701 |
| Cash received from miscellaneous income | 10,716 | 71 | - | 10,787 | 13,190 |
| Cash paid for salaries and benefits | (387,053) | (65,392) | - | (452,445) | (433,277) |
| Cash paid for non-salary expenditures | (136,670) | (66,899) | (60) | (203,629) | (180,311) |
| Cash generated from (used for) operating activities | 11,016 | 137,944 | 87 | 149,047 | 150,028 |
| Cash flow from financing and investment activities | | | | | |
| Cash received from income from investments | 17,935 | 6,490 | 3,285 | 27,710 | 22,038 |
| Contributions of cash for endowments | - | - | 4,391 | 4,391 | 2,640 |
| Cash received from real estate income | 4,223 | 76 | - | 4,299 | 3,168 |
| Cash received from debt financing | 344 | 10,545 | - | 10,889 | 4,700 |
| Debt financing repayments | (87) | (2,157) | - | (2,244) | (3,155) |
| Purchase of capital assets | - | (237,990) | - | (237,990) | (183,695) |
| Purchase of other assets | - | - | - | - | (3,908) |
| Sale (purchase) of investments | (42,236) | 75,074 | (8,283) | 24,555 | 31,732 |
| Cash used for financing activities | (19,821) | (147,962) | (607) | (168,390) | (126,480) |
| Net increase (decrease) in cash | (8,805) | (10,018) | (520) | (19,343) | 23,548 |
| Interfund transfers | (42,813) | 39,750 | 3,063 | - | - |
| Cash (bank indebtedness), beginning of year | (73,713) | 96,375 | 674 | 23,336 | (212) |
| Cash (bank indebtedness), end of year | $ (125,331) | $ 126,107 | $ 3,217 | $ 3,993 | $ 23,336 |

See accompanying notes and schedules to consolidated financial statements

THE UNIVERSITY OF SASKATCHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2011

(THOUSANDS OF DOLLARS)

1. Authority and Purpose

"The University of Saskatchewan" (university) is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the Statutes of Saskatchewan. The primary role of the university is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The university is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The following accounting policies and reporting practices are considered significant:

a) Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- Agricoll Research Investments Inc., a wholly owned subsidiary of the university. Through Agricoll, the University of Saskatchewan promotes and participates in research, education and technology transfer related to the agriculture industry.

- Agrivita Canada Inc., a not-for-profit corporation incorporated under the *Canada Corporations Act* whose sole member is the University of Saskatchewan. The company promotes, targets, and funds research, training, and service initiatives in various disciplines for purposes related to agricultural health and safety for industry and farm workers, rural residents and families, and the impact of agricultural activities on the general public.

- Canadian Light Source Inc. (CSLI), a not-for-profit corporation whose sole member is the University of Saskatchewan. The company's mandate is to advance Canadian scientific and industrial capabilities in synchrotron science and technical applications. The company is responsible for the operation and conduct of all activities related to the university's synchrotron light facility, its operation and performance.

- Prairie Swine Centre Inc., a not-for-profit corporation whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.

- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the university. The company participates in real estate investment activities.

- University of Saskatchewan Crown Foundation, a not-for-profit entity incorporated under *The Crown Foundation Act* of Saskatchewan. The Foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

a) Basis of consolidation (continued)

- 7541457 Canada Inc. a wholly owned subsidiary of the university incorporated under the *Canada Corporations Act* for the commercialization of technology developed by researchers in the University of Saskatchewan Toxicology Centre.

- The Journal of History Company Ltd, a wholly owned subsidiary of the university, prints and publishes The Canadian Journal of History.

b) Fund accounting

The university follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The university has classified accounts with similar characteristics into major funds as follows:

i) The General Fund is unrestricted and accounts for the university's program delivery, service and administrative activities. This fund is further classified as Operating and Ancillary.

The Operating Fund accounts for the university's function of instruction, including academic support services, administrative services, plant maintenance and other operating activities.

The Ancillary Fund provides goods and services to the university community, which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

ii) The Restricted Fund carries restrictions on the use of resources for particular defined purposes. This fund is further classified as Capital, Research and Student Financial Aid.

The Capital Fund accounts for the acquisition of capital assets, major renovations and improvements to capital assets.

The Research Fund accounts for activities in support of research.

The Student Financial Aid Fund accounts for activities in support of students.

iii) The Endowment Fund accounts for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation. The amount recapitalized each year will vary from year to year with variability in annual investment returns, but over time it is intended that the recapitalized amount will offset the cumulative effect of inflation.

c) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted grants subject to an external annual appropriation process will be recognized in accordance with the funder's appropriation.

Contracts are recorded as revenue as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

c) Revenue recognition (continued)

Student fees are recognized as revenue in the year courses and seminars are held. Sales of services and products are recognized at time of sale or when the service has been provided.

Unrestricted contributions are recorded as revenue in the period received or receivable, if collection is reasonably assured. Gifts-in-kind are recorded at their fair market value on the date of receipt or at nominal value when fair market value cannot be reasonably determined. Pledges from fund raising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund.

Sales of services and products are recorded as revenue in the General Fund at time of sale or when the service has been provided.

Investment returns are recorded as revenue when reasonable assurance exists regarding measurement and collectability. Unrestricted investment income is recognized as revenue of the General Fund. Investment income earned on Endowment Fund resources is recorded in the appropriate Fund according to the restrictions mandated.

Real estate and miscellaneous income, as follows, is recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured:

- Unrestricted income is recorded in the General Fund.
- Restricted income is recognized as revenue of the appropriate restricted fund.

d) Contributed services and materials

These financial statements do not report the value of contributed volunteer hours as the fair value of such is not practically determinable. Gifts-in-kind are recorded where a formal valuation is available.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Examples of significant estimates include: the allowance for doubtful accounts, the estimated useful lives of assets, the accruals for salaries and benefits, and certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefit obligations, plan assets, real estate values, decommissioning costs and provision for claims payable.

f) Capital assets

Purchased and constructed capital assets are recorded at cost. Capital assets which are constructed by the university are recorded as Construction in Progress until the capital asset is put into use. The university reports donated capital assets at fair market value upon receipt. With the exception of library collections, collections are not capitalized or amortized. All additions to collections are expensed in the year acquired. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

f) Capital assets (continued)

Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives as shown below. Amortization is not provided on projects in progress until the assets are in use. Asset retirement obligations and associated asset retirement costs are discussed in i) Decommissioning obligation, below.

| | |
|---|---|
| Buildings | 40 years |
| Canadian Light Source Inc. (CLSI) | |
| Facility retirement costs | 30 years |
| Site improvements | 20 years |
| Computers | 3 years |
| Equipment and furnishings | 3 to 10 years |
| Library materials | 10 years |

g) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the average cost method, with the exception of livestock, poultry and other farm products which are stated at market value. Market is defined as market quotations for livestock and replacement cost for other farm products.

h) Employee future benefits

The cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees, when future salary levels or cost escalation affect the amount of the benefit. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. For purposes of calculating the expected return on plan assets, those assets are recorded at fair value. Actuarial gains and losses are recognized in the year they arise.

The university accrues its obligations for employee future benefits relating to medical and dental care, long-term disability payments and life insurance commitments to certain employees and retirees. The cost of non-pension post-retirement and post-employment benefits relating to long-term disability and group life insurance is actuarially determined using the projected benefit method prorated on service and management's best estimates for the discount rate for liabilities, the expected rate of return on assets, retirement ages and expected future cost trends.

i) Decommissioning obligation

CLSI recognizes obligations for future decommissioning site restoration costs in the period during which they occur. The associated facility retirement costs are capitalized as a part of the carrying amount of the asset and amortized over its useful life. The liability and related asset are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

j) Financial instruments

The university's financial instruments are classified and measured as follows:

| Assets/Liabilities | Classification | Measurement |
|---|---|---|
| Cash | Held for trading | Fair value |
| Accounts receivable | Loans and receivables | Amortized Cost |
| Investments, short-term and long-term | Held for trading | Fair value |
| Accounts payable and accrued liabilities | Other liabilities | Amortized Cost |
| Employee benefit liabilities | Other liabilities | Amortized Cost |
| Loans | Other liabilities | Amortized Cost |
| Natural gas and Interest rate swaps | Held for trading | Fair value |
| Long-term debt, including current portion | Other liabilities | Amortized Cost |

As allowed under Section 3855.07A *Financial Instruments — Recognition and Measurement*, the university, as a not-for-profit organization, has chosen to not apply this Section to the following areas, defined by the Handbook:

- derivatives embedded in leases;
- derivatives embedded in insurance contracts;
- contracts and obligations for stock-based payments in which the entity receives or acquires goods or services to which Section 3855 otherwise applies;
- contracts to buy or sell a non-financial item including derivatives embedded therein; or
- derivatives embedded in contracts to buy or sell a non-financial item in accordance with the university's expected purchase, sale or usage requirements.

As a not-for-profit organization, the university has chosen to continue applying CICA Handbook Section 3861 *Financial Instruments — Disclosure and Presentation*, in place of Section 3862 *Financial Instruments — Disclosure* and Section 3863 *Financial Instruments — Presentation*.

k) Derivative financial instruments

The university uses derivative financial instruments, principally interest rate swap agreements on specific loans and natural gas commodity swap agreements, in its management of exposure to fluctuations in interest rates and natural gas rates. Derivative financial instruments are adjusted to fair value on a monthly basis with the change in fair value recorded in the statement of operations. See Note 11, Note 12 and Note 27, below.

l) Valuation of real estate assets held for resale

The university follows the industry established and accepted methods for real estate valuation. Upon acquisition, and every three to five years thereafter (depending on market conditions), an external appraisal establishes the fair value of the real estate asset for financial statement purposes. For years where an appraisal is not performed the university assesses the fair value of real estate assets using cash flow analysis and current real estate market conditions.

3. Disclosure of Other Significant Relationships

Prairie Diagnostic Services is a not-for-profit corporation owned by the Province of Saskatchewan and the University of Saskatchewan. The laboratory operating in Saskatoon provides veterinary diagnostic services and animal health care and supports the training of undergraduate and graduate veterinarians at the Western College of Veterinary Medicine.

3. Disclosure of Other Significant Relationships (continued)

The Saskatchewan Food Industry Development Centre Inc. is a not-for-profit organization owned by the Province of Saskatchewan, the Saskatchewan Food Processors Association and the University of Saskatchewan. It is a federally inspected food manufacturing facility that aids in the development of value-added processing in Saskatchewan.

The University of Saskatchewan is the host institution for PREVENT (Pan-Provincial Vaccine Enterprise), a not-for-profit organization formed to promote the commercialization of Canada's vaccine industry. PREVENT's founding institutions are the University of Saskatchewan, the B.C. Centre for Disease Control (BCCDC) and the Canadian Centre for Vaccinology.

All transactions with the above organizations are accounted for at cost in university financial statements.

4. Future Changes in Accounting Policies

a) Consolidated Financial Statements and Non-Controlling Interests

For fiscal years beginning on or after January 1, 2011, Section 1601, *Consolidated Financial Statements* and Section 1602 *Non-controlling Interests* will replace current Section 1600, *Consolidated Financial Statements*. These new standards are expected to effectively harmonize Canadian standards with the revised IFRS 3, *Business Combinations*, and revised IAS 27 *Consolidated Financial Statements and Accounting for Investments in Subsidiaries* issued in 2008. The university does not expect the new standards to have an impact on the financial results of the university.

b) Financial Reporting Standards for Not-For-Profit Organizations

Part V of the CICA (Canadian Institute of Chartered Accountants) Handbook – Accounting remains available to NPOs (not for profit organizations) and GNPOs (government not for profit organizations) until January 1, 2012.

For the first fiscal year beginning on or after Jan 1, 2012 (this will be May 1, 2012 for the university) Part III – Accounting Standards for Not-for-Profit Organizations of the Handbook will be adopted.

Based on current accounting standards within Part III of the Handbook the financial impact to the university of adoption should be minimal. However the university is considering and analyzing all accounting standard options available upon adoption.

5. Cash and Investments

Short-term investments are invested in high quality Canadian money market instruments.

The long-term investment portfolio includes endowment assets as well as the portion of non-endowment assets that will not be required for spending in the next fiscal year.

The primary objective of the university's investment policy is to ensure the safety of principal, maintain sufficient liquidity for operating purposes and maximize earnings for the Funds, at an acceptable risk level.

5. Cash and Investments (continued)

| | 2011 | 2010 |
|---|---|---|
| Cash | $ 3,993 | $ 23,336 |
| Fixed income | 419,860 | 444,027 |
| Canadian equities | 68,266 | 59,229 |
| Foreign equities | 126,847 | 115,422 |
| Real estate | 9,002 | 6,893 |
| | 627,968 | 648,907 |
| Less amounts reported as: | | |
| Cash | 3,993 | 23,336 |
| | $ 623,975 | $ 625,571 |

6. Accounts Receivable

Accounts Receivable are comprised of the following:

| | 2011 | 2010 |
|---|---|---|
| General | $ 12,315 | $ 13,548 |
| Investment income | 3,320 | 3,318 |
| Grants and contracts related to general funds | 22,275 | 1,043 |
| Grants and contracts related to student financial aid | 902 | 862 |
| Grants and contracts related to research | 111,297 | 99,165 |
| Grants and contracts related to capital | 7,497 | 19,568 |
| Other restricted | 2,673 | 2,596 |
| Other unrestricted | 8,254 | 4,422 |
| Student fees | 4,675 | 4,214 |
| Student loans | 32 | 28 |
| Allowance for doubtful accounts | (1,977) | (1,776) |
| | $ 171,263 | $ 146,988 |

7. Inventory

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Beginning of Year | Net Change | End of Year | Beginning of Year | Net Change | End of Year |
| College of Agriculture and Bioresources | $ 1,485 | $ (477) | $ 1,008 | $ 1,447 | $ 38 | $ 1,485 |
| College of Dentistry | 349 | (82) | 267 | 369 | (20) | 349 |
| College of Veterinary Medicine | 691 | (51) | 640 | 624 | 67 | 691 |
| Other Units | | | | | | |
| Consumer Services | 5,011 | (393) | 4,618 | 4,770 | 241 | 5,011 |
| Facilities Management Division | 2,588 | (214) | 2,374 | 2,063 | 525 | 2,588 |
| Vaccine and Infectious Disease Organization (VIDO) | 147 | (30) | 117 | 173 | (26) | 147 |
| Other | 391 | 29 | 420 | 388 | 3 | 391 |
| Subsidiaries | | | | | | |
| CLSI | 2,951 | 131 | 3,082 | 3,243 | (292) | 2,951 |
| Prairie Swine | 220 | 42 | 262 | 651 | (431) | 220 |
| | $ 13,833 | $ (1,045) | $ 12,788 | $ 13,728 | $ 105 | $ 13,833 |

8. Long-Term Accounts Receivable

Long-term accounts receivable reflect the fair value of non-government grants receivable in subsequent years, as follows:

| | 2011 | 2010 |
|---|---|---|
| 2012 | $ - | $ 11,197 |
| 2013 | 18,172 | 5,463 |
| 2014 | 12,675 | 2,231 |
| 2015 | 5,755 | 307 |
| 2016 | 451 | 205 |
| 2017 | 205 | 205 |
| 2018 | 108 | 108 |
| 2019 | 10 | 10 |
| 2020 | 10 | 10 |
| | $ 37,386 | $ 19,736 |

9. Capital Assets

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings | $ 1,066,200 | $ 318,082 | $ 748,118 | $ 610,605 |
| CLSI facility retirement costs | 3,155 | 599 | 2,556 | 2,667 |
| Site improvements | 83,509 | 32,388 | 51,121 | 46,821 |
| Computers | 104,496 | 93,849 | 10,647 | 11,265 |
| Equipment and furnishings | 292,256 | 215,807 | 76,449 | 77,192 |
| Land | 2,538 | - | 2,538 | 2,538 |
| Construction in progress | 275,069 | - | 275,069 | 244,563 |
| Library materials | 188,928 | 142,316 | 46,612 | 46,864 |
| | 2,016,151 | 803,041 | 1,213,110 | 1,042,515 |
| Assets acquired under capital lease obligation | | | | |
| Equipment and furnishings | 347 | 73 | 274 | - |
| | $ 2,016,498 | $ 803,114 | $ 1,213,384 | $ 1,042,515 |

10. Deferred Revenue

| | 2011 | 2010 |
|---|---|---|
| **Student fees** | $ 4,063 | $ 3,854 |
| **University operating funding** | - | 19,540 |
| **Unearned revenue-Ancillary operations** | 387 | 319 |
| **Unearned revenue-Clinical services** | 9,738 | 5,753 |
| **Deferred contributions** | 18,914 | 15,013 |
| | $ 33,102 | $ 44,479 |

Student fees relate to fees received prior to April 30th for courses and programs offered after that date.

University operating funding represents grants received prior to April 30th that relate to funding for the next fiscal year.

Unearned revenue-Ancillary operations relates to fees received prior to April 30th for student residences, parking, food services, hospitality services and the bookstore for services after that date.

Unearned revenue-Clinical services relates to unspent externally restricted funding received prior to April 30th for services provided subsequent to that date.

Deferred contributions represent unspent externally restricted funding for programs and projects, relating to the university's primary role of post-secondary instruction, that do not directly pertain to one of the defined restricted funds.

11. Loans

The university holds a 365 day credit facility utilizing monthly revolving Banker's Acceptance Loans. The term credit facility allows the university to obtain a favorable rate. The interest rate risk for each Banker's Acceptance Loan is managed through an interest rate swap agreement. Details of each Banker's Acceptance Loan and interest rate swap agreement are as follows:

The fair value for the interest rate swaps are determined by mark-to-market valuations provided by the Royal Bank of Canada, Toronto

| | 2011 | 2010 |
|---|---|---|
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until September 2029 | $ 11,782 | $ 12,124 |
| Long-term synthetic financial instrument created by interest rate swap agreement - 5.786%, terminates September 2029 | 2,206 | 1,923 |
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until January 2020 | 3,172 | 3,452 |
| Long-term synthetic financial instrument created by interest rate swap agreement - 4.720%, terminates January 2020 | 273 | 235 |
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until September 2020 | 3,313 | 3,588 |
| Long-term synthetic financial instrument created by interest rate swap agreement - 4.530%, terminates September 2020 | 263 | 213 |

11. Loans (continued)

| | 2011 | 2010 |
|---|---|---|
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until June 2021 | 3,552 | 3,813 |
| Long-term synthetic financial instrument created by interest rate swap agreement - 4.841%, terminates June 2021 | 345 | 292 |
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until June 2022 | 3,827 | 4,072 |
| Long-term synthetic financial instrument created by interest rate swap agreement - 5.30%, terminates June 2022 | 481 | 427 |
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until July 2023 | 4,055 | 4,298 |
| Long-term synthetic financial instrument created by interest rate swap agreement - 4.46%, terminates July 2023 | 320 | 231 |
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until June 2024 | 4,272 | 4,510 |
| Long-term synthetic financial instrument created by interest rate swap agreement - 3.70%, terminates June 2024 | 130 | 9 |
| Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.40%, revolves monthly at progressively smaller amounts until June 2025 | 4,510 | - |
| Long-term synthetic financial instrument created by interest rate swap agreement - 3.87%, terminates June 2025 | 172 | - |
| Royal Bank Prime Based Loan - Non-revolving $20,000 term facility at prime minus 0.8% repayable in full October 2011 | 5,845 | - |
| Long-term synthetic financial instrument created by interest rate swap agreement - 4.63%, terminates October 2036 | 1,356 | - |
| Royal Bank Prime Based Loan - Non-revolving $25,000 term facility at prime minus 0.9% repayable in full August 2012 | - | - |
| Long-term synthetic financial instrument created by interest rate swap agreement - 4.57%, terminates September 2037 | 945 | - |
| | $ 50,819 | $ 39,187 |

The university has been approved for an additional credit facility of $31,500 for construction of the Graduate Student Residence Project. At April 30th, 2011 this credit facility had not been utilized.

12. Other Contractual Obligations

To manage the risk of fluctuating natural gas prices the university has entered into the following natural gas commodity swap agreements with the Royal Bank of Canada:

| | 2011 |
|---|---|
| Long-term synthetic financial instrument created by commodity swap agreement - entered into Novernber 15, 2010 which fixes the natural gas rates on a notional quantity of 1,200 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2012 and Oct. 31, 2013 at a rate of $4.58/GJ | $ 69 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 1,200 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2013 and Oct. 31, 2014 at a rate of $4.90/GJ | 99 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 1,200 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2014 and Oct. 31, 2015 at a rate of $5.15/GJ | 89 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2015 and Oct. 31, 2016 at a rate of $5.35/GJ | 36 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2016 and Oct. 31, 2017 at a rate of $5.69/GJ | 59 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2017 and Oct. 31, 2018 at a rate of $5.91/GJ | 55 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2018 and Oct. 31, 2019 at a rate of $6.30/GJ | 75 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2019 and Oct. 31, 2020 at a rate of $6.54/GJ | 72 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into December 16, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2015 and Oct. 31, 2016 at a rate of $5.23/GJ | 11 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into December 16, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2016 and Oct. 31, 2017 at a rate of $5.60/GJ | 41 |
| Long-term synthetic financial instrument created by commodity swap agreement - entered into December 16, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2017 and Oct. 31, 2018 at a rate of $5.87/GJ | 47 |

12. Other Contractual Obligations (continued)

| | |
|---|---|
| Long-term synthetic financial instrument created by commodity swap agreement - entered into December 16, 2010 which fixes the natural gas rates on a notional quantity of 650 GigaJoules (GJ) per day of natural gas, to be purchased between Nov. 1, 2018 and Oct. 31, 2019 at a rate of $6.27/GJ | 70 |
| | $ 723 |

13. Long-term Debt

| | 2011 | 2010 |
|---|---|---|
| Canada Mortgage and Housing Corp. (CMHC) - 6.875% debentures due May 1 and September 1, 2020. These loans are repayable in equal semi-annual installments of $123 blended principal and interest and recovered in their entirety from revenues of Ancillary Fund | $ 1,656 | $ 1,713 |
| Loan payable to the Government of Saskatchewan - General Revenue Fund - 5.125%, due December 1, 2015. These loans are repayable in equal semi-annual installments of $17 blended principal and interest. | 146 | 171 |
| Loan payable to Farm Credit Canada with interest at FCC personal property variable rate less .75%, payable in blended monthly principal repayments of $2, secured by a general security agreement, due July 2016 | 133 | 145 |
| | 1,935 | 2,029 |
| Less: Current Portion | (144) | (167) |
| | $ 1,791 | $ 1,862 |

Principal payments due in each of the next five years is as follows (in thousands of dollars):

| | |
|---|---|
| **2012** | $ 144 |
| **2013** | 191 |
| **2014** | 200 |
| **2015** | 213 |
| **2016** | 227 |

14. Employee Future Benefits

The university sponsors both defined benefit and defined contribution pension plans. The university and employees contribute in equal amounts to most of the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the university to support the actuarial based pension benefits. The defined pension benefits are based on years of pensionable service and an average of the highest 4 years of employees' pensionable earnings.

The total expense for the university's defined contribution plans for the year is $16,225 (2010 - $14,154).

Aggregate information about the university's defined benefits plans is in the table below. The measurement date of plan assets and the actuarial valuation of accrued benefit obligations is December 31, 2010 (extrapolated to April 30, 2011).

The long-term disability plan is a self-insured program providing benefits for academic, administrative, research and other designated employees who have not attained the normal retirement age. The measurement date of plan assets and the actuarial valuation of the accrued benefit obligations is December 31, 2010 (extrapolated to April 30, 2011).

The post-retirement life insurance plan accrues the university's obligation to pay life insurance premiums on behalf of early retirees between the date of early retirement and the normal retirement date.

14. Employee Future Benefits (continued)

a) Funded status of plans

| | 2011 | | | | 2010 |
|---|---|---|---|---|---|
| | Defined Pension Plans | Long-Term Disability Plan | Post Retirement Life Insurance Plan | Total | Total |
| **Plan assets** | | | | | |
| Fair value at beginning of year | $ 411,860 | $ 25,113 | $ - | $ 436,973 | $ 409,091 |
| Actual return on plan assets | 25,999 | 1,195 | - | 27,194 | 51,220 |
| Employer contributions | 6,971 | - | 334 | 7,305 | 5,795 |
| Employee contributions | 8,934 | - | - | 8,934 | 5,162 |
| Benefits paid | (36,815) | (2,310) | (334) | (39,459) | (34,295) |
| Fair value at end of year | 416,949 | 23,998 | - | 440,947 | 436,973 |
| **Accrued benefit obligations** | | | | | |
| Accrued benefit obligation at beginning of year | 446,874 | 19,374 | 4,863 | 471,111 | 372,007 |
| Current service cost | 13,970 | 2,819 | 286 | 17,075 | 13,025 |
| Interest cost | 24,876 | 1,010 | 279 | 26,165 | 28,398 |
| Benefits paid | (36,815) | (2,310) | (334) | (39,459) | (34,295) |
| Actuarial gains | 18,418 | (494) | 121 | 18,045 | 88,078 |
| Plan amendments | - | - | - | - | 3,898 |
| Accrued benefit obligation at end of year | 467,323 | 20,399 | 5,215 | 492,937 | 471,111 |
| **Accrued benefit asset (liability)** | | | | | |
| Accrued benefits asset (liability) | (50,374) | 3,599 | (5,215) | (51,990) | (34,138) |
| Valuation allowance and unamortized past service costs | 1,358 | - | 1,370 | 2,728 | 3,606 |
| Accrued benefit asset (liability), net of valuation allowance | $ (49,016) | $ 3,599 | $ (3,845) | $ (49,262) | $ (30,532) |

b) Net benefit plan expense

| | 2011 | | | | 2010 |
|---|---|---|---|---|---|
| | Defined Pension Plans | Long-Term Disability Plan | Post Retirement Life Insurance Plan | Total | Total |
| Current service cost, net of employee contributions | $ 7,720 | $ 2,819 | $ 286 | $ 10,825 | $ 7,863 |
| Interest cost | 24,876 | 1,010 | 279 | 26,165 | 28,398 |
| Expected return on plan assets | (26,983) | (1,677) | - | (28,660) | (26,764) |
| Immediate recognition of remaining gains/losses | 19,402 | (12) | 121 | 19,511 | 65,007 |
| Amortization of past service costs | 456 | - | 421 | 877 | 552 |
| Increase in valuation allowance | - | - | - | - | (11,484) |
| Net benefit plan expense | $ 25,471 | $ 2,140 | $ 1,107 | $ 28,718 | $ 64,293 |

14. Employee Future Benefits (continued)

**c) Actuarial assumptions (weighted average as of April 30)**

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Defined Pension Plans | Long-Term Disability Plan | Post Retirement Life Insurance Plan | Defined Pension Plans | Long-Term Disability Plan | Post Retirement Life Insurance Plan |
| Discount rate | 5.4% | 4.3% | 5.3% | 5.7% | 4.8% | 7.7% |
| Expected long-term rate of return on plan assets | 6.7% | 7.0% | - | 6.7% | 7.0% | - |
| Compensation increase | 3.5% | - | - | 3.7% | - | - |
| Inflation | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |

**d) Percentage of fair value of total plan assets held at measurement date by category**

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Pension Plans | Long-Term Disability Plan | Post Retirement Life Insurance Plan | Pension Plans | Long-Term Disability Plan | Post Retirement Life Insurance Plan |
| Fixed income | 39.6% | 14.0% | - | 40.0% | 14.0% | - |
| Equities | 59.8% | 86.0% | - | 56.0% | 86.0% | - |
| Other | 0.6% | - | - | 4.0% | - | - |
| Total | 100.0% | 100.0% | - | 100.0% | 100.0% | - |

15. Capital Lease Obligation

The university has entered into leases with GE Capital Fleet Services for 14 vehicles that are used to support maintenance and operating activities. The lease contracts cover various periods of time, with expiry dates between 2013 and 2015.

These agreements are recognized in the financial statements of the university as an asset acquired under a capital lease and as a capital lease obligation. The minimum future lease payments are as follows:

| | 2011 |
|---|---|
| Year ending April 30 | |
| 2012 | $ 75 |
| 2013 | 74 |
| 2014 | 68 |
| 2015 | 61 |
| 2016 | 15 |
| Total mimimum lease payments | 293 |
| Less: amount representing interest at 4.17% per annum | (24) |
| Present value of net minimum capital lease payments | 269 |
| Less current portion of capital lease obligation | (75) |
| Long-term portion of capital lease obligation | $ 194 |

16. Decommissioning Costs

The university is required to decommission the CLSI facility when operations cease in accordance with a Particle Accelerator Operating License issued by the Canadian Nuclear Safety Commission.

The university, through CLSI, accrues the liability for future decommissioning site restoration costs. The university expects the facility to operate for a 30 year period from commencement of operations and anticipates the future cash flows required to decommission the facility to be $12,150.

The present value of the original liability for decommissioning costs was calculated using a risk free interest rate of 3.9%. The present value of the revision was calculated using a risk free rate of 5.0%. The current year decommissioning costs of $355 (2010 - $341) include amortization of deferred decommissioning costs of $111 (2010 - $111) and costs associated with a financial guarantee to the Canadian Nuclear Safety Commission of $55 (2010 - $50). A reconciliation of the accrued decommissioning costs is as follows:

| | 2011 | 2010 |
|---|---|---|
| **Accrued decommissioning costs, beginning of year** | $ 3,949 | $ 3,769 |
| **Accretion expense** | 189 | 180 |
| **Accrued decommissioning costs, end of year** | $ 4,138 | $ 3,949 |

17. Capital Disclosures

The university's objectives when managing its capital are to strengthen its financial position and promote responsible stewardship through the effective management of liquidity and capital structure. To effectively achieve our objectives, the university continues to expand and improve its rigorous planning and budgeting processes and internal control procedures. These strategies ensure the university has appropriate liquidity to meet its operational activities and the growth strategies outlined in the university's Second Integrated Plan.

The university funds its resource requirements through external funding, internally generated funds, loans and debt. All sources of financing are analyzed by management and approved by the university's Board of Governors. The university receives a significant portion of its revenue from the Government of Saskatchewan and is required by the *University's Act* to receive prior approval from the Minister of Advanced Education, Employment and Immigration for any borrowing, purchase or sale of land or buildings or any liability or expenditure that may impair the financial status of the university.

18. Externally Restricted Fund Balances

Externally restricted reserves represent unexpended fund balances carried forward for subsequent year's expenditures where stipulations have been imposed by an agreement with an external party specifying the purpose for which resources are to be used.

| | 2011 | 2010 |
|---|---|---|
| **Restricted Fund** | | |
| **Capital Fund** | $ 53,447 | $ 93,749 |
| **Student Financial Aid Fund** | 27,004 | 23,957 |
| **Research Fund** | 217,562 | 195,044 |
| **Endowment Fund** | | |
| **Endowed Contributions** | 127,641 | 121,451 |
| **Capitalized endowment earnings** | 42,263 | 30,768 |
| | $ 467,917 | $ 464,969 |

19. Internally Restricted Fund Balances

Internally restricted net assets represent amounts set aside by the university's Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board. At April 30, net assets have been set aside for the following purposes:

| | 2011 | 2010 |
|---|---|---|
| **General Fund **** | $ 135,804 | $ 133,620 |
| **Restricted Fund** | | |
| **Student Financial Aid Fund** | 4,989 | 5,092 |
| **Research Fund** | 32,861 | 32,176 |
| **Endowment Fund** | | |
| **Endowed Contributions** | 32,989 | 31,916 |
| **Capitalized endowment earnings** | 2,682 | 1,026 |
| | $ 209,325 | $ 203,830 |

** Includes faculty and department carry-forwards and specific purpose reserves

20. Commitments and Contingencies

a) Capital projects

With commitments relating to the Academic Health Sciences Building, the estimated cost of contractual commitments to complete major capital projects in progress as at April 30, 2011 is approximately $102,805 (2010 - $173,521).

b) Lease commitments

The university has operating lease commitments for equipment and capital assets. The minimum future commitments under these contractual arrangements for the next five years are as follows:

| | |
|---|---|
| **2012** | $ 1,302 |
| **2013** | 1,264 |
| **2014** | 1,232 |
| **2015** | 1,230 |
| **2016** | 1,230 |

c) Loan guarantee

The university has provided a loan guarantee of up to $22,000 related to the external financing obtained by the University of Saskatchewan Students' Union (USSU) for expansion and renovation of the Place Riel Student Centre. In accordance with Section 93 of *The University of Saskatchewan Act, 1995*, the university received approval from the Minister of Advanced Education, Employment and Immigration to provide the loan guarantee. This capital project has been approved by the university's Board of Governors and is in its final construction stage. Official opening is August 2011.

The USSU holds a five year credit facility utilizing floating rate financing totalling $18,300 which expires in 2015. At April 30, 2011, draws on the facility totalled $13,152 (2010 - $2,540). The floating interest rate risk is managed through interest rate swap agreements with notional amounts of $11,890 terminating June 2040 and $6,276 terminating January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust, Toronto at April 30, 2011 was $1,709 (2010 - $960).

The USSU's loan repayments are being funded by a student infrastructure fee. In the event of default by the USSU, the university can directly collect this fee from students.

20. Commitments and Contingencies (continued)

d) Retail development

In 2001, the university entered into an agreement with the City of Saskatoon obligating the university to pay offsite levies to the City as approximately 50 acres of retail land is developed. It is estimated that the obligation to the City for future phases of development is $1,031.

e) Utility purchases

To manage the price of natural gas, the university has entered into long-term contracts and natural gas commodity swap agreements (see Note 12) that expire at varying dates until October 2020, in accordance with the university's Derivatives Policy Guidelines, as follows:

| Year | Gas Year | Target Range % Booked per Derivatives Policy | Approximate Consumption Needs Booked* % | Weighted Average Price /GJ |
|---|---|---|---|---|
| 0 | Nov 10 / Oct 11 | 75-100 | 100 | 6.97 |
| 1 | Nov 11 / Oct 12 | 75-100 | 100 | 7.04 |
| 2 | Nov 12 / Oct 13 | 50-100 | 100 | 6.11 |
| 3 | Nov 13 / Oct 14 | 50-75 | 100** | 6.29 |
| 4 | Nov 14 / Oct 15 | 50-75 | 72 | 6.25 |
| 5 | Nov 15 / Oct 16 | 25-50 | 48 | 5.29 |
| 6 | Nov 16 / Oct 17 | 0-50 | 48 | 5.65 |
| 7 | Nov 17 / Oct 18 | 0-50 | 48 | 5.89 |
| 8 | Nov 18 / Oct 19 | 0-50 | 48 | 6.29 |
| 9 | Nov 19 / Oct 20 | 0-25 | 24 | 6.54 |

* Percentage booked is approximate - consumption needs require confirmation, particularly in years further out.
** In order to take advantage of historically low natural gas prices, the university engaged in a series of forward contracts, one of which resulted in consumption booked which exceeded the normal parameters suggested in the guidelines. This decision was approved by senior administration and reported to the Board.

In total, the commitment for natural gas purchases at April 30, 2011 is $39,539 (2010 - $25,944).

f) Outstanding legal claims

The nature of the university's activities are such that there may be litigation pending or in progress at any time. With respect to claims at April 30, 2011, the university believes it has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, the settlements of such claims are not expected to have a material effect on the university's financial position.

On June 26, 2007 a statement of claim was issued against the University of Saskatchewan alleging responsibility for environmental contamination of adjoining land. The university has filed a statement of defense, denying all claims. The outcome is not determinable at this time however should ultimate resolution differ from management's assessments and assumptions; a material adjustment to the university's financial position or results of operations could result.

20. Commitments and Contingencies (continued)

g) Canadian Universities Reciprocal Insurance Exchange

The university is a member (of a group of about 60 members) of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance reciprocal established to share the insurable property, liability and errors and omissions risk of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through the members' premiums. As at December 31, 2010 CURIE had an accumulated surplus of $43,287 (2009 - $32,032) of which the university's pro-rata share is approximately 3.91% (2009 – 3.90%).

21. Employee Benefits

| | 2011 | 2010 |
|---|---|---|
| **Benefit plan expense - defined benefit (Note 14)** | $ 28,718 | $ 64,293 |
| **Pension expense - defined contribution (Note 14)** | 16,225 | 14,154 |
| **All other employee benefits** | 26,396 | 25,262 |
| | $ 71,339 | $ 103,709 |

22. Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of $11,193 were recorded in the year (2010 - $14,401). Gifts-in-kind consist of the following:

| | 2011 | 2010 |
|---|---|---|
| **Works of Art** | $ 100 | $ 250 |
| **Equipment and furnishings** | 6 | 68 |
| **Investments** | 8,051 | 1,189 |
| **Library holdings** | 140 | 125 |
| **Real Estate** | - | 12,000 |
| **Other** | 2,896 | 769 |
| | $ 11,193 | $ 14,401 |

Donations pledged but not received as at April 30, 2011 totaled $28,242 (2010 - $19,184). These pledges are expected to be honored during the subsequent five-year period and will be recorded as revenue when received.

23. Collections

a) Collections of Artifacts, Archival Material and Rare Books
The university has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the university's research and teaching missions. Acquisitions are donated as well as purchased. The university rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the university, papers of faculty and alumnae, originals and replicas of Ancient and Medieval artifacts, as well as old and rare material with a focus on Western Canada.

b) Art Collection
The Kenderdine Art Gallery administers the permanent art collection of the university. The collection includes works of art that provide a historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the university or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or the direct care of the collection.

24. Operating Fund Allocations

A comparison of the university's Operating Budget Allocations, as approved by the university's Board of Governors, to actual expenses (net of other recoveries and revenues):

| | 2011 [a] | | 2010 | |
|---|---|---|---|---|
| | Budget [b] | Expenses [c] | Budget [b] | Expenses [c] |
| Agriculture & Bioresources | $ 12,249 | $ 12,133 | $ 11,429 | $ 11,436 |
| Arts & Science | 53,650 | 54,360 | 51,491 | 51,478 |
| Edwards School of Business | 13,102 | 11,899 | 12,025 | 11,930 |
| Dentistry | 5,641 | 5,718 | 5,708 | 5,675 |
| Education | 8,692 | 8,168 | 8,375 | 7,994 |
| Engineering | 14,611 | 14,132 | 13,933 | 14,060 |
| Centre for Continuing & Distance Education | 3,811 | 3,931 | 3,495 | 3,053 |
| Graduate Studies & Research | 1,600 | 1,105 | 1,136 | 1,073 |
| Kinesiology, including Huskie Athletics | 5,037 | 4,821 | 4,638 | 4,291 |
| Law | 4,838 | 4,862 | 4,511 | 4,662 |
| Medicine | 40,720 | 36,801 | 33,705 | 30,455 |
| Targeted Funding - Medicine Accreditation | 18,361 | 16,194 | 17,570 | 15,661 |
| Nursing | 11,489 | 10,815 | 9,500 | 9,574 |
| Pharmacy & Nutrition | 4,823 | 5,226 | 4,659 | 5,080 |
| Veterinary Medicine | 24,783 | 22,950 | 23,524 | 19,618 |
| Interdisciplinary Units [d] | 6,299 | 6,975 | 5,023 | 4,728 |
| Schools | 3,900 | 3,723 | 2,949 | 2,961 |
| Library | 11,018 | 10,620 | 10,533 | 10,329 |
| Non-instructional units: | | | | |
| Information Technology | 10,031 | 10,468 | 9,713 | 9,709 |
| Student & Enrolment Services | 10,636 | 8,829 | 10,184 | 9,918 |
| Facilities Management | 21,403 | 21,170 | 20,812 | 21,396 |
| Consumer Services | 452 | 773 | 477 | 1,038 |
| Campus Safety | 2,236 | 2,120 | 2,065 | 2,026 |
| External Relations | 8,025 | 8,462 | 7,474 | 6,509 |
| Administrative Units | 24,717 | 23,925 | 21,685 | 21,613 |
| Central Utilities | 14,794 | 14,683 | 14,553 | 12,807 |
| Central Scholarships/Bursaries | 9,544 | 9,577 | 9,440 | 9,437 |
| Central Research & Scholarly [d] | 16,513 | 14,056 | 20,757 | 15,075 |
| Central Student Support | 1,518 | 804 | 1,114 | 535 |
| Central Network, Software & System Renewal | 5,719 | 6,443 | 5,406 | 4,549 |
| Central Administration [e] | 9,489 | 21,955 | 7,573 | 10,758 |
| Central Benefits [f] | 7,466 | 7,317 | 6,534 | 5,936 |
| Total | $ 387,167 | $ 385,015 | $ 361,991 | $ 345,364 |

Notes:

**(a)** For 2011, Budget Allocation and Expense amounts include the effect of the campus-wide budget reductions implemented during the year (Year 2 of total $10 million target over two years)

**(b)** For some Colleges/Administrative Units, the Budget Allocation amount above varies from the "Allocation of Operating Revenue" amount reflected in Schedule 3. This difference is caused by classification adjustments

**(c)** Expenses include planned spending of opening fund balances.

**(d)** Budget Allocations and Expenses reflect the results of any organizational restructuring during the year ended April 30, 2011.

**(e)** Includes wage accruals for all Colleges/Administrative Units related to collective agreements which are settled in subsequent years. Using additional revenue generated in excess of budget, notably investment income, the university had additional resources to expend. These expenses were primarily Board-approved allocations to capital projects. The prior year expenses have been updated to reflect final Board-approved allocations.

**(f)** Includes accountable professional allowances and other benefits provided to employees under the terms of collective agreements.

25. Interfund Transfers

Fund accounting is a common practice in not-for-profit organizations whereby resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Interfund transfers are used when resources residing within one fund are utilized to fund activities or assets that should, by their nature, be recorded in another fund.

| | Operating | Ancillary | Student Financial Aid | Research | Capital | Endowment |
|---|---|---|---|---|---|---|
| Salary & benefits | $ (1,513) | $ 15 | $ (65) | $ 1,563 | $ - | $ - |
| Loan & interest payments | 516 | (3,968) | - | - | 3,452 | - |
| Capital acquisition funding | (44,537) | (1,029) | 16 | (52,729) | 98,636 | (357) |
| Donations | 58 | - | (55) | (5) | (2) | 4 |
| Scholarships, bursaries & awards | (11,031) | (1,050) | 12,306 | 18 | - | (243) |
| Fund transfers for Endowment | (3,910) | - | (142) | (437) | - | 4,489 |
| Funding for Research | 22,156 | 59 | (319) | (21,976) | - | 80 |
| Funding of General operating expenses | 1,561 | (549) | - | (98) | (4) | (910) |
| Other net transfers | 1,656 | (1,247) | - | - | (409) | - |
| April 30, 2011 | $ (35,044) | $ (7,769) | $ 11,741 | $ (73,664) | $ 101,673 | $ 3,063 |
| April 30, 2010 | $ (14,598) | $ (20,723) | $ 10,174 | $ (74,875) | $ 95,352 | $ 4,670 |

26. Related Party Transactions

The university receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. To the extent that the Government of Saskatchewan exercises significant influence over the operations of the university, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the university.

Revenue received from the Government of Saskatchewan is disclosed separately in the Statement of Operations. Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions during the year and the amounts outstanding at year-end are as follows:

| | 2011 | 2010 |
|---|---|---|
| Sales of services and products-physicians' billings | $ 17,875 | $ 20,729 |
| Expenses | | |
| Utilities | 12,383 | 11,782 |
| Other | 23,145 | 22,294 |
| Accounts Receivable | 36,127 | 24,824 |
| Long-term investments | 2,489 | 3,102 |
| Accounts payable and accrued liabilities | 4,513 | 4,578 |
| Deferred revenue | 19,869 | 33,318 |
| Long-term debt | 146 | 171 |

27. Financial Instruments

The university's financial instruments recorded in the consolidated financial statements consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, loans, capital lease obligations, other contractual liabilities and long-term debt.

a) Risk Management and Financial Instruments

i) Market risk

The university is exposed to market risk - the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. Investments are placed in accordance with policies specifying the quality of investments so that diversification limits risk of exposure in any one type of investment instrument.

ii) Foreign currency risk

The university has foreign currency risk arising from its foreign currency denominated cash and investment accounts and exposure to foreign currency denominated revenues or expenses. Investments are placed in accordance with policies addressing investment in foreign currency to reduce the level of risk by diversifying the portfolio of investment classes.

iii) Interest rate risk

Interest rate swap agreements are utilized on the Royal Bank Banker's Acceptance Loans to reduce interest rate risk arising from fluctuations in interest rates and to manage the floating interest rates of these loans - see Note 11, above. The university is subject to interest rate risk as a result of market fluctuations in interest rates and the degree of volatility of these rates.

iv) Credit risk

The university has normal credit risk from counterparties. Since government agencies compose a significant portion of the receivable arising from the university's diverse client base, possibility of default is believed to be low.

v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The university minimizes its liquidity risk through careful management of Investment Pools to maintain sufficient liquidity for operating purposes.

b) Fair Value of Financial Instruments

The carrying values of all financial instruments approximate fair value with the exception of long-term debt, which as at April 30, 2011, has a carrying value of $ 1,934 (2010 - $2,029) and a fair value of $2,156 (2010 - $2,339)

28. Restatement

In the current year claims related to Quantum Materials Spectroscopy Centre beam-line construction at CLSI occurred. When these claims occurred the university discovered that an agreement on this project had been signed during the 2008-09 fiscal year. Due to design delays, no funding associated with agreement was received until 2010-11. However, in accordance with the University's revenue recognition policy, it was determined that the date the agreement was signed was the determining factor for the purposes of revenue recognition. Consequently financial statement comparative figures have been restated as follows:

28. Restatement (continued)

| | Restated 2010 | Effect on 2010 | Previous 2010 |
|---|---|---|---|
| **Consolidated Statement of Financial Position** | | | |
| **Accounts receivable (Note 6)** | $ 146,988 | $ 2,695 | $ 144,293 |
| **Long-term accounts receivable (Note 8)** | 19,736 | 3,790 | 15,946 |
| **Externally restricted funds (Note 18)** | 464,969 | 6,485 | 458,484 |
| **Consolidated Statement of Operations and Changes in Fund Balances** | | | |
| **Fund balances, end of year** | 1,679,015 | 6,485 | 1,672,530 |
| **Schedule 2 - Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds** | | | |
| **Fund balances, beginning of year** | 227,219 | 6,485 | 220,734 |

29. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the financial statement presentation adopted for the current year.

## UNIVERSITY OF SASKATCHEWAN

**Schedule 1 - Consolidated Statement of Operations and Changes in Fund Balances - General Funds**

For the Year Ended April 30, 2011 ($ thousands)

| | Operating | Ancillary | Total |
|---|---|---|---|
| **Revenues** | | | |
| Grants and contracts | | | |
| Government of Canada | $ 3,601 | $ - | $ 3,601 |
| Government of Saskatchewan | 333,312 | 100 | 333,412 |
| Other governments | 18,834 | - | 18,834 |
| Non-government | 7,869 | - | 7,869 |
| Student fees | 102,994 | - | 102,994 |
| Gifts, grants and bequests | 3,800 | - | 3,800 |
| Sales of services and products | 49,999 | 39,902 | 89,901 |
| Income from investments | 20,677 | 24 | 20,701 |
| Real estate income | 773 | 3,450 | 4,223 |
| Miscellaneous income | 11,787 | 77 | 11,864 |
| | 553,646 | 43,553 | 597,199 |
| **Expenses** | | | |
| Salaries | 338,660 | 8,160 | 346,820 |
| Employee benefits (Note 21) | 64,907 | 1,323 | 66,230 |
| Operational supplies and expenses | 72,179 | 1,664 | 73,843 |
| Travel | 10,091 | 35 | 10,126 |
| Cost of goods sold | 9,182 | 10,848 | 20,030 |
| Maintenance, rental and renovations | 6,286 | 1,639 | 7,925 |
| Utilities | 10,558 | 10,962 | 21,520 |
| Scholarships, bursaries and awards | 3,197 | - | 3,197 |
| Interest | 749 | - | 749 |
| Bad debt expense | 363 | 239 | 602 |
| | 516,172 | 34,870 | 551,042 |
| Net revenues | 37,474 | 8,683 | 46,157 |
| Interfund transfers (Note 25) | (35,044) | (7,769) | (42,813) |
| Net increase in fund balances for year | 2,430 | 914 | 3,344 |
| Fund balances, beginning of year | 149,135 | (2,795) | 146,340 |
| Fund balances, end of year | $ 151,565 | $ (1,881) | $ 149,684 |

See accompanying notes to consolidated financial statements

## UNIVERSITY OF SASKATCHEWAN

**Schedule 2 - Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds**

For the Year Ended April 30, 2011 ($ thousands)

| | Student Financial Aid | Research | Capital | Total |
|---|---|---|---|---|
| **Revenues** | | | | |
| Grants and contracts | | | | |
| Government of Canada | $ - | $ 89,863 | $ 1,327 | $ 91,190 |
| Government of Saskatchewan | 922 | 39,173 | 70,865 | 110,960 |
| Other governments | - | 10,104 | - | 10,104 |
| Non-government | 169 | 57,635 | 1,434 | 59,238 |
| Student fees | - | - | - | - |
| Gifts, grants and bequests | 3,661 | 5,317 | 12,157 | 21,135 |
| Sales of services and products | - | 124 | 223 | 347 |
| Income from investments | 4,253 | 4,277 | 2,935 | 11,465 |
| Real estate income | 11 | 65 | - | 76 |
| Miscellaneous income | 23 | 37 | 2 | 62 |
| | 9,039 | 206,595 | 88,943 | 304,577 |
| **Expenses** | | | | |
| Salaries | 1,194 | 59,093 | - | 60,287 |
| Employee benefits (Note 21) | 78 | 5,031 | - | 5,109 |
| Operational supplies and expenses | 82 | 25,905 | 2,049 | 28,036 |
| Travel | 76 | 6,329 | 2 | 6,407 |
| Maintenance, rental and renovations | 1 | 995 | 407 | 1,403 |
| Utilities | - | 42 | - | 42 |
| Amortization | - | - | 63,702 | 63,702 |
| Scholarships, bursaries and awards | 16,393 | 12,332 | - | 28,725 |
| Interest | - | - | 5,274 | 5,274 |
| Bad debt expense | 12 | - | - | 12 |
| Decommissioning costs (Note 16) | - | - | 355 | 355 |
| | 17,836 | 109,727 | 71,789 | 199,352 |
| Net revenues (expenses) | (8,797) | 96,868 | 17,154 | 105,225 |
| Interfund transfers (Note 25) | 11,741 | (73,664) | 101,673 | 39,750 |
| Net increase in fund balances for year | 2,944 | 23,204 | 118,827 | 144,975 |
| Fund balances, beginning of year - Restated (Note 28) | 29,049 | 227,219 | 1,091,246 | 1,347,514 |
| Fund balances, end of year | $ 31,993 | $ 250,423 | $ 1,210,073 | $ 1,492,489 |

See accompanying notes to consolidated financial statements

**UNIVERSITY OF SASKATCHEWAN**

**Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit**

For the Year Ended April 30, 2011 ($ thousands)

| | Agriculture and Bioresources | Arts & Science | Edwards School of Business | Dentistry | Education | Engineering | CCDE* | Graduate Studies and Research |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | |
| University operating budget | $ 12,249 | $ 53,338 | $13,102 | $ 5,641 | $ 8,692 | $ 14,611 | $ 3,811 | $ 1,600 |
| Grants and contracts | | | | | | | | |
| Government of Canada | 8,134 | 12,806 | 238 | - | 1,074 | 5,133 | 4 | 330 |
| Government of Saskatchewan | 10,759 | 5,432 | - | 123 | 617 | 2,270 | 27 | 20 |
| Other governments | 51 | 87 | - | - | 28 | 241 | - | - |
| Non-government | 28,382 | 4,948 | 10 | 383 | 865 | 2,568 | - | 137 |
| Student fees | 76 | 88 | 695 | 47 | 116 | 14 | 6,299 | 201 |
| Gifts, grants and bequests | 4,089 | 3,536 | 2,627 | 80 | 383 | 1,567 | 15 | 59 |
| Sales of services and products | 3,442 | 630 | 265 | 1,496 | 1,227 | 878 | 1,015 | 2 |
| Income from investments | 4,314 | 1,979 | 1,324 | 45 | 274 | 2,137 | 9 | 434 |
| Real estate income | 209 | - | - | - | - | - | - | - |
| Miscellaneous income | 2,343 | 126 | 188 | 10 | 27 | 95 | 40 | 18 |
| | 74,048 | 82,970 | 18,449 | 7,825 | 13,303 | 29,514 | 11,220 | 2,801 |
| **Expenses** | | | | | | | | |
| Salaries | 26,352 | 55,001 | 10,937 | 4,560 | 8,601 | 19,000 | 7,393 | 1,028 |
| Employee benefits (Note 21) | 3,432 | 6,887 | 1,308 | 607 | 1,055 | 2,306 | 958 | 142 |
| Operational supplies and expenses | 8,442 | 5,806 | 1,727 | 963 | 1,693 | 2,324 | 2,181 | 80 |
| Travel | 1,353 | 2,793 | 473 | 74 | 476 | 1,023 | 562 | 29 |
| Cost of goods sold | 78 | 7 | - | 647 | 1 | 49 | 8 | - |
| Maintenance, rental and renovations | 726 | 226 | 78 | 22 | 75 | 89 | 27 | - |
| Utilities | 323 | 42 | 20 | - | - | - | - | - |
| Amortization | - | - | - | - | - | - | - | - |
| Scholarships, bursaries and awards | 2,798 | 7,973 | 706 | 806 | 525 | 2,428 | 5 | 740 |
| Interest | - | - | - | - | - | - | - | - |
| Bad debt expense | - | 3 | 1 | 21 | - | - | - | - |
| Decommissioning costs (Note 16) | - | - | - | - | - | - | - | - |
| | 43,504 | 78,738 | 15,250 | 7,700 | 12,426 | 27,219 | 11,134 | 2,019 |
| Net revenues | 30,544 | 4,232 | 3,199 | 125 | 877 | 2,295 | 86 | 782 |
| Interfund transfers (Note 25) | (10,163) | (1,142) | 1,601 | (282) | 384 | (338) | (468) | 3,235 |
| Net increase (decrease) in fund balances for year | $ 20,381 | $ 3,090 | $ 4,800 | $ (157) | $ 1,261 | $ 1,957 | $ (382) | $ 4,017 |

* Centre for Continuing and Distance Education

See accompanying notes to consolidated financial statements

**UNIVERSITY OF SASKATCHEWAN**

**Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit**

For the Year Ended April 30, 2011 ($ thousands)

| | Kinesiology | Law | Library | Medicine | Nursing | Pharmacy and Nutrition | Veterinary Medicine | Other Units | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | |
| University operating budget | $ 5,037 | $ 4,838 | $15,343 | $55,455 | $11,489 | $ 4,823 | $ 24,783 | $(234,812) | $ - |
| Grants and contracts | | | | | | | | | |
| Government of Canada | 665 | 60 | - | 8,336 | 524 | 475 | 2,753 | 54,259 | 94,791 |
| Government of Saskatchewan | 268 | 30 | 100 | 56,956 | 391 | 1,240 | 70 | 366,216 | 444,519 |
| Other governments | - | - | - | 417 | - | 5 | 892 | 27,217 | 28,938 |
| Non-government | 195 | 501 | 39 | 8,050 | 374 | 595 | 1,229 | 18,831 | 67,107 |
| Student fees | 3,485 | 214 | - | 723 | 70 | 148 | 17 | 90,801 | 102,994 |
| Gifts, grants and bequests | 1,039 | 719 | 577 | 1,114 | 342 | 724 | 1,264 | 13,539 | 31,674 |
| Sales of services and products | 1,799 | 155 | 41 | 18,322 | 41 | 30 | 7,245 | 53,660 | 90,248 |
| Income from investments | 232 | 1,145 | 326 | 2,269 | 136 | 663 | 1,619 | 25,785 | 42,691 |
| Real estate income | 80 | 10 | - | 125 | - | - | - | 3,875 | 4,299 |
| Miscellaneous income | 272 | 19 | 98 | 436 | 42 | 75 | 137 | 8,000 | 11,926 |
| | 13,072 | 7,691 | 16,524 | 152,203 | 13,409 | 8,778 | 40,009 | 427,371 | 919,187 |
| **Expenses** | | | | | | | | | |
| Salaries | 7,220 | 4,713 | 9,067 | 94,693 | 9,874 | 5,569 | 20,578 | 122,521 | 407,107 |
| Employee benefits (Note 21) | 844 | 601 | 1,481 | 9,133 | 1,279 | 698 | 2,836 | 37,772 | 71,339 |
| Operational supplies and expenses | 2,311 | 632 | 1,064 | 28,749 | 1,110 | 1,069 | 5,931 | 37,857 | 101,939 |
| Travel | 1,060 | 213 | 145 | 3,181 | 428 | 186 | 582 | 3,955 | 16,533 |
| Cost of goods sold | 15 | - | (8) | 48 | 2 | - | 811 | 18,372 | 20,030 |
| Maintenance, rental and renovations | 153 | 10 | 110 | 601 | 4 | 2 | 504 | 6,701 | 9,328 |
| Utilities | - | - | - | 56 | - | - | 70 | 21,051 | 21,562 |
| Amortization | - | - | - | - | - | - | - | 63,702 | 63,702 |
| Scholarships, bursaries and awards | 1,151 | 598 | 1 | 4,042 | 162 | 531 | 2,029 | 7,427 | 31,922 |
| Interest | - | - | - | - | - | - | - | 6,023 | 6,023 |
| Bad debt expense | (1) | - | - | 59 | - | - | 22 | 509 | 614 |
| Decommissioning costs (Note 16) | - | - | - | - | - | - | - | 355 | 355 |
| | 12,753 | 6,767 | 11,860 | 140,562 | 12,859 | 8,055 | 33,363 | 326,245 | 750,454 |
| Net revenues | 319 | 924 | 4,664 | 11,641 | 550 | 723 | 6,646 | 101,126 | 168,733 |
| Interfund transfers (Note 25) | (354) | (363) | (3,379) | (4,912) | - | (547) | (2,672) | 19,400 | - |
| Net increase (decrease) in fund balances for year | $ (35) | $ 561 | $ 1,285 | $ 6,729 | $ 550 | $ 176 | $ 3,974 | $ 120,526 | $ 168,733 |

See accompanying notes to consolidated financial statements

## The Board of Governors

Members Ex Officio
**Peter MacKinnon** (President)
**Vera Pezer** (Chancellor)

Members Appointed by Government
**Art Dumont**
**Nancy E. Hopkins** (Chair)
**Greg Smith**
**Garry Standing**
**David Sutherland**

Members Elected By Senate
**Grit McCreath**
**Susan Milburn** (Vice-Chair)

Faculty Member
**Linda Ferguson**

Student Member
**Chris Stoicheff**

Secretary to the Board
**Lea Pennock** (University Secretary)

## Officers of the University

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Provost and Vice-President (Academic)
**Brett Fairbairn**

Vice-President (University Advancement)
**Heather Magotiaux**

Vice-President (Finance and Resources)
**Richard Florizone**

Vice-President (Research)
**Karen Chad**

University Secretary
**Lea Pennock**

Vice-Provost, Faculty Relations
**Jim Germida**

Vice-Provost, Teaching and Learning
**Angela Ward** (Acting)

Chief Information Officer and Associate Vice-President (Information and Communications Technology)
**Rick Bunt**

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**Laura Kennedy**

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**Jim Basinger**

Associate Vice-President (Research – Health)
**Beth Horsburgh**

Associate Vice-President (Human Resources)
**Barb Daigle**

## Deans and Directors of Colleges and Academic Units

Agriculture and Bioresources
**Mary Buhr**

Arts and Science
**Peter Stoicheff**

Dentistry
**Gerry Uswak**

Education
**Cecilia Reynolds**

Engineering
**Ernie Barber** (Acting, July 2010)

Graduate Studies and Research
**Lawrence Martz**

Johnson-Shoyama Graduate School of Public Policy
**Michael Atkinson**

Kinesiology
**Adam Baxter-Jones** (Acting, July 2010)

Law
**Beth Bilson** (Acting, July 2010)

Medicine
**William Albritton**

N. Murray Edwards School of Business
**Daphne Taras**

Nursing
**Lorna Butler**

Pharmacy and Nutrition
**David Hill**

School of Environment and Sustainability
**Karsten Liber**

School of Public Health
**Robert Buckingham**

Veterinary Medicine
**Douglas Freeman**

University Library
**Vicki Williamson**

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